DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

FOURTH SESSION—NINETEENTH PARLIAMENT

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7 GEORGE VI, 1943

VOLUME V, 1943

COMPRISING THE PERIOD FROM THE SECOND DAY OF JULY, 1943, TO THE TWENTY-SIXTH DAY OF JANUARY, 1944, INCLUSIVE

BEING

VOLUME CCXXXVIII FOR THE PERIOD 1875-1943

INDEX ISSUED IN A SEPARATE VOLUME

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

CANADA

House of Commons Debates

OFFICIAL REPORT

Friday, July 2, 1943

The house met at three o'clock.

PRIVILEGE

MR. LACOMBE—TRANSLATION OF REMARKS IN DEBATE ON JUNE 25

Mr. LIGUORI LACOMBE (Laval-Two Mountains): Mr. Speaker, I rise to a question of privilege. Last Wednesday I withdrew unconditionally a statement which I had made in French in this house on June 25. Now, using my privilege as a member of parliament, I should like to ask the right hon. the Prime Minister (Mr. Mackenzie King) to be just and fair to me. Speaking in this house on June 28 the Prime Minister quoted from the English debates of June 25 last. This citation was as follows:

> We have here in the cabinet three new millionaires who have made their money since the war's outbreak. We shall denounce them at the proper time and place. Fortunes are being built up.

That citation is reported at page 4072 of the English Debates of June 28, 1943. This is an absolutely false translation of a part of my speech delivered in French on June 25. Consequently I should like to ask the right hon. the Prime Minister to withdraw this citation or to give instructions to the translator to correct this translation.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am sure the house would wish me to be absolutely fair with the hon. gentleman, and no one is more anxious to be so than myself. I would remind him that the citation which I used on Wednesday was the citation as it appears in *Hansard* in French and I used only that citation and had reference to no other in the remarks I made. It was pointed out at the time that the French translation, in the mind of the hon. member who has just spoken, and I think I may say in the minds also of many other hon. members, was not a correct translation. But that was in no sense my fault or the fault of the government; it is a matter which concerns the translation staff of the house. I would say for that reason I think my hon. friend, in desiring to have any correction made, so far as *Hansard* is concerned, should address the Speaker of the house rather than myself. He will find His Honour the Speaker quite ready, I am sure, to see that an accurate translation is given. If he adopts that procedure he will find, I am sure, on the part of all there will be every disposition to see that a proper translation is substituted for the one that appears in *Hansard*.

Mr. LACOMBE: I ask Your Honour to give instructions to the translators to correct this translation.

Mr. SPEAKER: The hon. member has made the request of the Chair that there should be a proper translation of the words that were used in the motion which the right hon. the Prime Minister brought before the house. I would say to the hon. gentleman that I checked the translation, and I am satisfied that the translation in English of the hon. gentleman's speeech was not a correct translation of the French text. With what the hon. gentleman has said, supplemented by the Prime Minister, and also what I now say, I think there has been sufficient reference to justify the hon. gentleman on the question of privilege, and to make clear that the English text was not a proper translation of the French text.

MR. LACOMBE—REFERENCE TO EDITORIAL IN MONTREAL GAZETTE OF JULY 1

Mr. LIGUORI LACOMBE (Laval-Two Mountains): On a question of privilege, the Montreal *Gazette*, in the edition of July 1, 1943, has an editorial under the title, "Lacombe Eats His Words". The first sentence of the editorial reads:

> Liguori Lacombe has eaten his words to the last shameful morsel. . . .

The last sentence of the editorial reads:

> The important thing was that an irresponsible slander should be branded as such.

Using my privilege as a member of the House of Commons I ask that this statement be withdrawn, and I give the Montreal *Gazette*

until Wednesday next at three o'clock to withdraw it; otherwise I shall ask the Chair to have the reporter summoned before the bar of the House of Commons.

Mr. SPEAKER: The hon. member has made a request of me that I should do something in connection with the Montreal *Gazette*. I have no power or control over the Montreal *Gazette* or any comments it may make.

MR. GRAYDON—REFERENCE TO EDITORIAL IN THE TORONTO "GLOBE AND MAIL"

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I rise to a question of privilege based upon an editorial appearing in to-day's issue of the Toronto *Globe and Mail*, which reflects upon His Majesty's Loyal Opposition and myself as leader. The editorial, among other things, says that:

Last week Doctor W. J. Edmonston Scott, M.A., who served at Ottawa as a censor in languages of central and western Europe from 1939 to 1943, supplied in a letter published in this newspaper definite confirmation of the validity of its charges about the government's scandalously inquisitorial abuse of the powers of censorship conferred upon it by the War Measures Act. Doctor Scott did not merely give general support to our allegations, but he provided very damning evidence to justify them by quoting a special memorandum, dated May 1, 1942, which was issued to examiners, and ran as follows:

"All letters observed in the mails containing information regarding women's political activities in all parts of the world and women's activities in connection with post-war reconstruction should be specially submitted to this office and the file reference C.11292-38 quoted."

No denial has been made of this allegation of Doctor Scott, and presumably no denial is possible. It is so disturbing that even a staunch supporter of the government like the Winnipeg *Free Press* has been moved to describe it as a gross abuse of the powers of censorship, upon which the fullest possible light should be directed, and to demand that the Minister of National War Services, who is responsible for the censorship, should be cross-examined in great detail about the scope of its operations.

If a parliamentary opposition has one duty more compelling than another, it is to act as a vigilant watchdog against all unwarranted governmental assaults upon fundamental principles of liberty. But, so far, from the opposition benches not even a whisper of protest has been heard against this proved assault. All the opposition groups have a measure of culpability in the matter, as any of their members could have raised the issue. But a special degree of blame for a deplorable laxity must attach to Mr. Graydon, because the leader of the official opposition has by tradition a special responsibility for bringing a government to book for such arrogant abuse of its powers as has been revealed, especially when they strike at the roots of personal liberties. He should have lost no time in proceeding to cross-examine the Minister of National War Services about this matter.

[Mr. Lacombe.]

I should like to point out, Mr. Speaker, that the editorial in question is evidently based upon a misunderstanding of the position of the opposition and myself in this matter, and I desire to deny the charge that we have been in any way remiss in our duties with respect to the issue in question.

On Wednesday last, after consultation with me, the hon. member for Peterborough West (Mr. Fraser) took the necessary steps to ask for the production of a copy of all censorship orders, regulations or instructions issued under government authority since the outbreak of war. This appears in *Votes and Proceedings* of Thursday, July 1. The hon. member's motion was prompted largely by our desire to have a proper basis for examination of the ministry with respect to the allegations raised by Doctor Scott and certain newspapers, particularly the Winnipeg *Free Press* and the Toronto *Globe and Mail*. We felt that a fuller and more complete examination of censorship matters generally and this case in particular could best be accomplished when the papers asked for had been tabled and a more appropriate opportunity presented itself for careful and detailed examination of the ministry. I rise therefore on this question of privilege to put the record straight so far as our position as an opposition is concerned.

PRIVATE BILLS COMMITTEE

First and second reports of standing committee on miscellaneous private bills.—Mr. Fontaine.

TAX CONVENTION ACT

CANADA-UNITED STATES CONVENTION AND PROTOCOL FOR AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION

Hon. C. W. G. GIBSON (Minister of National Revenue) moved for leave to introduce bill No. 119, respecting a certain tax convention and protocol between Canada and the United States of America, signed at Washington in the United States of America, on the fourth day of March, 1942.

He said: The Canada-United States of America tax convention was considered by this house on June 8, 1942, and a resolution was adopted at that time approving the convention and protocol. The Department of Justice has recently given the opinion that, in order to give legal effect to the convention, it is necessary that it be confirmed by statute, and for that reason this bill is being introduced.

Motion agreed to and bill read the first time.

DOMINION DAY

MESSAGES OF GREETING AND GOOD WISHES FROM REPRESENTATIVES OF OTHER COUNTRIES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I feel that hon. members of the house will be pleased to know that yesterday, Dominion day, I received on behalf of their governments, either by letter or by personal call, greetings to Canada, good wishes and many expressions of thanks from members of the foreign diplomatic service resident in Ottawa at this time. There were also a number of telegrams received from different countries, some of which I have felt would be of special interest to the house, and which the house might wish to have as a matter of record on *Hansard*. It will not take more than a minute or two for me to refer to them; they illustrate the appreciation felt by other countries of Canada's present position and of the assistance received from Canada during the period of the war.

One message directed to His Excellency the Governor General was from King Peter of Yugoslavia, who it will be remembered visited Ottawa not so very long ago. The message was as follows:

On the occasion of the national day of Canada I offer Your Excellency my warmest greetings and best wishes for the welfare and prosperity of the dominion and of the gallant Canadian people.

From the Yugoslav Minister for Foreign Affairs in London, a message was addressed to myself in the following words:

I avail myself of the Canadian Dominion Day to convey to you my warmest greetings and heartfelt good wishes for the happiness and prosperity of your great nation.

A message addressed to myself as Prime Minister came from General Sikorski, Prime Minister of Poland, who is at the present time in Cairo. General Sikorski, it will be recalled, has visited Canada on two or three occasions in the course of the war:

On the occasion of your national holiday I send you and the gallant Canadian nation my heartiest congratulations, best wishes, all success. May I assure you the Polish nation and myself greatly admire Canada's magnificent contribution to the allies' cause on the battlefields of this war. By the same opportunity please accept my personal best greetings.

A communication came also from the Polish government in London, through the Deputy Prime Minister, Mr. Stanislaw Mikolajczyk, which reads:

On the occasion of Canada's day please accept, Mr. Prime Minister, the cordial greetings and heartfelt wishes of the government and people of Poland. We shall always remember with gratitude the support which your great country is so generously giving us in the hour of need. I am sure that the bonds of friendship forged during the years of our common struggle will continue after victory is achieved and contribute to the building up of a new international community.

His Excellency the President of China, Lin Sen, sent the following message to His Excellency the Governor General:

On the occasion of Dominion day, I have great pleasure in extending to you on behalf of the national government and people of China my hearty felicitations and best wishes for your personal welfare and the prosperity of Canada.

The following message was also received from Chungking, addressed to myself as Prime Minister, from Premier and Generalissimo Chiang Kai-shek:

On the occasion of your Dominion day I have great pleasure to extend to you my hearty felicitations. I believe that our traditional friendship which has been enhanced by comradeship in arms not only strengthens our united war effort to crush our common enemy but will stand us in good stead in our post-war cooperation to establish an enduring peace. May I also take this opportunity to express to you my personal thanks for the kind hospitality which your government and the Canadian people extended to my wife during her recent stay in your country and my best wishes for your health and the happiness of the Canadian people.

There were three or four important messages from south American countries. From the Argentine republic a communication from the Hon. Segundo R. Storni, Minister of Foreign Affairs, as follows:

It is with special pleasure that I address myself to you, the Prime Minister, to reaffirm, on the occasion of the commemoration of Dominion day the deep friendship of the government and people of my country for the government and people of Canada. The Argentine republic, linked to Canada by reason of our dwelling in the same hemisphere and by common ideals of progress, wishes to expand and consolidate the friendly relations which unite both countries.

The following message was received from the President of the Republic of Brazil, His Excellency Doctor Getrilo Vargas. It was communicated through the Minister, Doctor de Millo Franco:

The President of the republic of the United States of Brazil has instructed me by telegram to convey to you and to the Canadian people his heartiest congratulations and those of the Brazilian people on the occasion of the celebration of Dominion day. The Minister for Foreign Affairs of Brazil, Doctor Oswaldo Aranha, also instructed me to congratulte you on his behalf, which I also do in my own name.

It is with great pleasure that I give course to said instructions. The commemoration of Dominion day cannot be considered by the nations of the Americas only as the celebration of a great Canadian date, but as that of a great American date, as it represents the birth of one more sister nation.

In only seventy-six years Canada has raised herself to the outstanding position she occupies to-day in the concert of nations; it is a miracle accomplished by her great people and by her leaders, and I can assure you that we Brazilians look to her with the proud admiration that a member of a same family has for the successes of another member.

The President of Brazil also sent the following message to His Excellency the Governor General:

On the seventy-sixth anniversary of the dominion I beg Your Excellency to accept my warmest wishes for the ever-increasing prosperity of Canada and for the personal welfare of Your Excellency.

A message also came from the Minister of Foreign Affairs of Chile, Mr. Joaquin Fernandez, as follows:

In the name of the government of Chile it affords me pleasure to greet you and the Canadian people on the occasion of the anniversary of confederation and to express our best wishes for the happiness of your government and yourself.

A message as follows was received also from the Vice-President of the Republic of Uruguay, His Excellency Alberto Guani, who recently visited Canada:

I congratulate you very cordially seeing in your people and in yourself staunch and distinguished supporters of right and liberty in this hour of spiritual trial for all humanity. I renew my gratitude for the amicable welcome extended recently in your admirable country.

As I have already said, other countries having legations in Ottawa sent messages of friendliest greetings either conveyed by letter or expressed in person by their ministers.

CANADIAN NAVY

PROPORTION OF HIGH RANKING OFFICERS AS COMPARED WITH OTHER NAVIES

On the orders of the day:

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): Last week the hon. member for York-Sunbury (Mr. Hanson) asked a question regarding the number of high-ranking officers in the Canadian navy, and if I am in order I should like to reply now. I am sorry that last week I gave the figure of seven as the number of those in the Canadian navy holding the rank of commodore or higher. The correct number is eight, but I was speaking from memory at the time and I had forgotten that quite recently another commodore was appointed. The total number, then, in the Canadian navy holding the rank of commodore and higher is eight, and a comparison with other navies, for which the hon. member asked as well, would run approximately as follows. The figures are not perhaps entirely exact, because it is difficult to ascertain the precise strength of other navies, but I think they are substantially correct.

In the United Kingdom there is one officer of the rank of commodore and above for every 3,000 men. In Australia there is one officer of that rank for every 5,200 men. In the United States there is one officer of that rank for every 5,500 men, and in Canada one officer of that rank for every 7,500 men. It will be seen, therefore, that the reports which the hon. gentleman received to the effect that we had a great many high-ranking officers in the Canadian navy, as compared to other navies, are not correct, but that, on the contrary, we have many less of such high-ranking officers, proportionately, than any of the other navies to which I have referred.

MUNITIONS AND SUPPLY

CANCELLATION OF CONTRACT FOR BUILDING OF TUGS AT PICTOU, N.S.—REQUEST FOR RECONSIDERATION

On the orders of the day:

Mr. P. C. BLACK (Cumberland): I should like to ask the Minister of Munitions and Supply if he has been able to reconsider the cancellation of the contract for building two tugs, which was given some time ago to Ferguson Brothers in Pictou. It has been represented to me that the minister does not understand the situation in that yard. This company took on the contract in good faith; about thirty per cent of the preliminary work has been done; it has been financed entirely by the company; this concern has about a thousand men in its different undertakings, and has not encroached in the slightest degree on the operations of the other shipbuilding yards in Pictou. They feel that if they were allowed to complete their contract, as they are prepared to do, it would form the basis of a post-war industry, of which we have very few in Nova Scotia. I should like to ask the minister if he has been able to reconsider, and reconsider favourably, representations made to him by the company and by the people of Pictou and, I believe, by the government of Nova Scotia.

Hon. C. D. HOWE (Minister of Munitions and Supply): The Ferguson yard at Pictou has been enlarged to provide facilities for the repair of naval and merchant vessels. A number of other yards have also been expanded for that purpose. The question arises as to whether the facilities can be utilized for other purposes, when there is an urgent need for repair facilities. At the

moment the full facilities of the Ferguson yard are required and are being used for the repair of ships.

I may say that the understanding I have from my officers with respect to the tug situation is that it was felt that a steel company at Trenton had facilities for building tugs. May I add that tugs of the size we are discussing do not require to be built in a modern shipyard. They usually are built at a number of places along the great lakes and in the St. Lawrence, that are not by any stretch of the imagination shipyards. They are very simple to build, and they cost about $400,000 each.

Arrangements were made to build two of these tugs at Trenton. A dispute about wages arose, as to whether the tugs should be built on shipyard wages or steel plant wages, and the Trenton plant decided it did not want the tugs built there. Without the knowledge of the department the tugs were moved into the shipyard that had been reserved for repair purposes, or enlarged for repair purposes, at Pictou. The net result of that would be that facilities reserved for repair purposes could be used to build tugs, or for work other than repairs. The whole principle was being established that yards which had been designated to repair ships had the privilege of taking any contracts they liked, and doing it in repair yards. The result was that the contract for two tugs was cancelled, by arrangement with the Ferguson company. Arrangements were made in my office some six weeks ago—

Mr. BLACK (Cumberland): Well, Mr. Speaker—

Mr. HOWE: Just a moment; do I have to be interrupted?

Mr. GRAYDON: Well, Mr. Speaker, I think the minister might be just a little bit more lenient with the hon. member. He has always been very courteous. I think on reflection the minister would not want to cut him so short.

Mr. HOWE: The hon. member must know what I am trying to do—explain something of which I had no notice. I am trying to think of my answer as I go along.

Mr. GRAYDON: He was only trying to help the minister.

Mr. HOWE: Well, I hope so. In any event, arrangements were made in my office some six weeks ago that this contract would be cancelled. I think the total expenditure at that time was less than $10,000. So far as the contract is concerned, the representative of the Ferguson company—and I discussed the situation with one of the brothers—seemed to be satisfied with the arrangement that was made at that time.

An attempt is being made to make this incident a political issue. Just to show the proportions of the matter, we are discussing two tugs costing $400,000 each, in a town where the government has a shipbuilding yard, as well as a ship repair yard, and is contemplating in the current year an expenditure between the two yards of about $15,000,000. I would ask hon. members who have interested themselves in this situation to have a sense of proportion.

Mr. BLACK (Cumberland): I understood the minister to say that Ferguson Brothers, with whom this contract was placed, approved the cancellation. The representations to me are contrary to that. Secondly, I disagree with the minister when he says that this is in any way political. The representations made by the company, the town and the government of Nova Scota are unanimous in the request that the contract be continued, and that permission be given to build these tugs in Pictou.

WHEAT

ALLEGED DISCRIMINATION IN PLACEMENT OF CARS

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce, more or less by way of making a request. In doing so I am following up a question I asked on Wednesday last, as reported at page 4199 of *Hansard*. At that time I asked the minister if he had received any complaints from western Canada with respect to the allotment of cars. I shall not read the whole of what took place at that time, other than to say that the minister replied that he had not heard of any charges of discrimination. He said:

> I have had requests from many sources that a different basis of allocating the cars be instituted.

Daily I am receiving complaints, and I received some to-day, protesting against the system being used, one known as the thirty-car cycle. These complaints say that it is not working out satisfactorily. There is an opportunity provided by this system of the grain firms taking advantage of the farmer by undergrading grain. I have reason to believe that the minister has had several requests for changing the system, and I must

ask if he will consider the requests he has received to the effect that the system be changed over for the balance of the crop season, and for 1942 crop delivery. Would he change the arrangement so as to meet the suggestions which are being forwarded to him in large numbers?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, it is my usual custom to give serious, thoughtful and earnest consideration to any reasonable representations made to the Department of Trade and Commerce. I have given serious thought to the letters which have come in, and in each case I have replied, setting out the attitude of the Department of Trade and Commerce at the present time. I do not think there is anything further I can add to that at the moment.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Experimental farm service.

12. Experimental farms administration, $59,480.

Mr. QUELCH: Would the Minister of Agriculture throw a little light on this question of alcohol from wheat? A statement was made in the house by the Minister of Munitions and Supply that in the manufacture of alcohol from wheat returns to farmers would be around only 25 to 35 cents a bushel. On the other hand, Doctor Archibald, speaking to the committee on agriculture yesterday, said that if alcohol were made from wheat, given a wheat yield of twenty bushels to the acre, the farmer would get a return of $17 an acre, which works out to 85 cents a bushel. That is different from the figure given by the Minister of Munitions and Supply; I suggest there must be some explanation fo the difference between 25 or 30 cents on the one hand and 85 cents on the other. Will the minister give the committee some information on this point?

Hon. J. G. GARDINER (Minister of Agriculture): Of course one would require to have the figures used by both the parties referred to, and also the basis for those figures, before he could explain the difference between them. The difference which might be there is probably based upon the facts that are usually run into when you are discussing costs of productions or returns per acre. The statement made to the committee by Doctor Archibald, which I happen to have in my hand, contains the estimated value of various crops as sources of alcohol. Wheat is taken at twenty bushels to the acre, and the production of alcohol is stated to be

4·24 gallons per hundred pounds. Taking that as a basis it goes on to say that the total value of the crop per acre is $17.51. I am not certain what figures were used by those who worked out the cost for the Minister of Munitions and Supply, but in all probability the average production and the average cost were taken into consideration. The only statement with regard to the matter that I would care to make at the present time is that all the information I have seen, all the figures that have been compiled, indicate that wheat would have to be produced at a much lower cost than that at which I think any farmer in western Canada would be prepared to produce it, in order to permit the production of alcohol at a cost comparable with the cost of production from other sources.

Mr. KNOWLES: I should like to direct the attention of the minister to an article appearing in *Business Week* of June 12, 1943. I quote from pages 72 and 75 as follows:

> The chemurgist's dream of grain alcohol as the answer to farm surpluses may yet come true—and with it a lengthening horizon of post-war possibilities for the rubber, oil, and chemical industries—through a process of protein extraction which promises to make alcohol a cheap by-product.

And again:

> The process was discovered less than four months ago by Irvin W. Tucker, a young chemist in the department of agriculture working under direction of Doctor A. K. Balls, chief of the department's enzyme research laboratory. Park and Tilford developed it commercially.

The article goes into further details and concludes as follows:

> Heretofore, chemurgists who grappled with the question of farm surpluses habitually stubbed their toes on two hard problems: there was no market for the tremendous volume of alcohol that could be produced from farm products, and the cost of farm alcohol was prohibitively high. The war has solved the first problem. . . . Balls and Tucker appear to have solved the second.

This article would seem to suggest that a process has been discovered which considerably reduces the cost of making alcohol from grain, a matter which is of prime importance to Canada. I should like to know whether there is contact between the Department of Agriculture and research such as is here indicated.

I should also like to draw the attention of the minister to an article which appeared in the June, 1943, issue of the *Reader's Digest*. This is a condensation from the *Christian Science Monitor*. I quote from pages 81, 82 and 83 as follows:

> At Institute, West Virginia, a superb plant 77 acres in area is turning out rubber at the rate of 90,000 long tons a year. That is almost

one-sixth as much as we used to need in normal times—and as much as 100,000 Malay natives gather from 18,000,000 rubber trees.

The writer of this article would seem to hold no brief for grain or petroleum; but note what he says:

The process used at Institute happens to make its butadiene out of alcohol. The alcohol now comes from corn.

I am emphasizing two points. First, there does seem to be a considerable volume of synthetic rubber being manufactured in the United States from alcohol produced from grain. Second, there would appear to have been recent discoveries which reduce the cost of this process.

Mr. ROSS (Calgary East): Did Doctor Archibald give the figures at which alcohol would have to be sold in order to bring that return?

Mr. GARDINER: I have in my hand the document which was before the committee this morning when Doctor Archibald was giving his evidence. This is a survey of Canadian research on the utilization of farm products by the chemurgic committee of the Canadian chamber of commerce. It will be recalled by those who were present at the committee this morning that Doctor Archibald referred to certain reports that had been made, I think by Doctor Speakman. This document is the last word on the matter in so far as Canada is concerned. Figures are given based on cost according to United States practice and according to European practice. According to United States practice, with wheat at 60 cents the cost would be 53·4 cents for the alcohol at the plant. According to the European process, with wheat at 60 cents the cost of alcohol would be 39·6 cents at the plant. As I indicated at the beginning, after examining the figures which had been secured in the United States up to that time, as well as the experiences on the European continent, it appeared that even with wheat at 60 cents, the cost of alcohol would be 53·4 cents under the American practice and 39·6 cents under the European.

Mr. QUELCH: What is the price of alcohol to-day?

Mr. GARDINER: The price was given by the Minister of Munitions and Supply as around 27 or 28 cents.

Mr. ROSS (Calgary East): I believe the normal price before the war was 25 to 27 cents.

Mr. GARDINER: I was in Chicago last week within a few miles of the plant that has been spoken of so much by so many hon. members. I did not have time to visit it, but Mr. Shaw, the director of marketing, was with me and I asked him to visit the plant and make a full report on what is being done. He went down there last Friday and has not yet returned. The wheat pool in Saskatchewan appointed a committee which reviewed this question thoroughly, and while I do not know that they have so far made any official report I think I am safe in saying that they questioned the advisability of attempting at this time to produce alcohol from wheat or of spending sufficient money to produce it on the information that is now available to us. That is also the opinion which we hold as a department. This, of course, is entirely apart from the question raised by members here the other day—whether we should set aside a certain sum of money to investigate the whole matter, and further whether we could not make something out of farm products that would be to the advantage of the farmer and the country. With the principle underlying that I am in entire agreement, as I think are the members of the government also.

There is, of course, the question which always arises in matters of this kind, whether we should use the present set-up under the national research council or some other set-up more closely associated with the Department of Agriculture, and further whether we should carry on experiments at the centre at Ottawa or in different parts of the country where the agricultural products are grown. All that was covered the other day, and the suggestion made on the latter point was that we should have research and experimental laboratories set up in four sections of Canada—at the coast, on the prairies, in central Canada, and in the maritimes, in regard to the products of those particular areas. That was the question that was being discussed here the other day. There was no discussion of any one particular thing, but the suggestion that many things should be inquired into.

Mr. WRIGHT: I think the minister was quoting from a report made in 1941, but since then there have been tremendous developments in the production of alcohol from wheat. I had the pleasure of going through the research laboratories in Ottawa just before Easter and of seeing some of the advances that have been made in that field. I have also read the report published by Mr. Baruch, of the United States, to the effect that if the United States went into the production of rubber they would use at least 60 per cent grain alcohol and 40 per cent alcohol from petroleum products. I certainly think this

matter should not be dropped, but that further investigation should be made, because new developments are taking place all the time with which we should keep in touch. There is something to be said for the production of butadiene rubber from grain alcohol, especially when we take into consideration the cost of the plant itself. As I understand it, a plant for the production of rubber from grain alcohol can be built considerably cheaper than one using the petroleum process. From conversations I had with officers of the national research laboratories I understand they are constructing a pilot plant which will use grain alcohol. I hope the matter will not be dropped.

Mr. PERLEY: I suggest to hon. members who are not members of the agriculture committee that they study the reports of proceedings of that committee, particularly for the last five sittings, and the last day or two especially, when we had Dr. Archibald before us with reference to the experimental work now being carried on. They will find in those reports much useful information. It is impossible of course for members of the house to keep track of everything that goes on in the committee, but I would especially commend the reports of the agriculture committee for the last few days.

With regard to this particular item, I think a useful purpose is being served by this expenditure, and I hope that the minister will have investigations made into the production of alcohol from wheat, for instance, and that much of the investigational and research work be carried on in the west. The farm at Indian Head is suitable for very much of this work and a lot of it could be done there. If I had anything to complain of it would be that this vote is not sufficient. In the last two or three years especially it has been found necessary for us to develop all our resources of every kind, agriculture and otherwise, and we cannot emphasize too strongly the importance of the research work being done by the experimental farms. I would be in favour of increasing this vote.

Mr. SENN: I should like to supplement what the hon. member for Qu'Appelle has said about the excellent information we received in the agriculture committee from Doctor Archibald. Undoubtedly they are doing work, particularly in the research field, and the kind of research that is being done is very much worth while. It concerns itself largely with production and processing, however, and it seems to me that there is another kind of research which might be undertaken, and that is the finding of new uses and new methods of processing our farm products, particularly the by-products of the farm. That might come more properly under industrial research, but it seems to me it is one of the live questions to-day in Canada. Quite a few farm products are being utilized in different directions, mostly for food, but for other purposes as well, and I think still other uses could be found, particularly for the by-products of the farm. There is a good deal of waste in farm by-products at the present time. New uses might be found for a good deal of straw, corn stalks, and a number of other things which would be of advantage to us industrially as well as supplementing the income of the farm. I do not suppose the Department of Agriculture or the experimental farms can very well deal with matters of that kind, but we have in Canada what is known as the national chemurgic committee, which is doing valuable work and is being fostered and assisted by chambers of commerce and similar bodies. I think the time has come from the point of view of agriculture when government assistance should be given to that committee to assist it in trying to find new uses for the by-products of the farm. I leave the suggestion with the minister, and I am sure that if he studies it carefully he will agree that it would be very much worth while.

Mr. FAIR: May I ask the minister whether the figures supplied by the Department of Munitions and Supply as to the cost of producing alcohol from petroleum products were based on experiments made in the United States or in Canada?

Mr. GARDINER: I am afraid the hon. member will have to ask the minister himself when he comes back before the committee. I have no information as to what those figures are based on.

Mr. HATFIELD: I would like to see research work carried on in regard to agricultural products by the experimental farms, entirely outside of the national research council. I believe they are the ones to carry on this work. We are bringing into this country millions of dollars' worth of ethyl lead to bring up the octane rating of our gasoline, while as a matter of fact, alcohol made from wheat would answer the same purpose. I think there should be a pilot plant built in western Canada or at the central experimental farm to carry on experiments in the use of western low grade wheat and low grades of starch for power alcohol.

Mr. FRASER (Peterborough West): I understand that a ten per cent mixture of alcohol will jump the octane rating of gasoline nine per cent.

Mr. SENN: Under this vote we have the animal husbandry division of the experimental farm. If we read the last report of the Minister of Agriculture we find that in the matter of dairy cattle, sheep, swine and so on, there has been a certain amount of curtailment of operations owing to the fact that the country is at war and certain other things are being done to a greater extent. This report, however, only goes up to March, 1942, and has to do really with the operations in 1941. I would ask the minister to give us a brief outline of what is being done in animal husbandry. Are the experiments previously conducted still being carried on, or have they been reduced?

Mr. GARDINER: I understand that while there has been a reduction in our expenditures generally in the Department of Agriculture since the war began, our expenditures on ordinary activities are not as high as they were when the war began but in so far as some of the live stock activities are concerned we are spending even more than we were at the beginning of the war; naturally we want more hogs, eggs, poultry, beef cattle, and so on, more dairy products and other things, and therefore there has been considerable activity along those lines. We are building up at the moment rather than cutting down on those particular activities.

Mr. KNOWLES: With regard to synthetic rubber, did the Polymer corporation, which investigated methods of producing such rubber, before it set up the plant at Sarnia, consult with the Department of Agriculture or with any of the science officials in that department?

Mr. GARDINER: I do not think there was any direct consultation, but of course all those who are dealing with matters of this kind have access to this publication, and there are representatives on the committee. Doctor Archibald, who is here with us to-day is a member of that committee and is director of experimental farms in Canada. This document is of course available and I have no doubt that anyone reading it to make a decision of that kind would have had access to all such information.

Mr. KNOWLES: That is the 1941 document?

Mr. GARDINER: Yes, and 1941 would be about the time this matter was under serious consideration by those who were getting ready to do something about a plant in 1942. It does take considerable time to get into production after you start and to establish a plant of that kind. What the minister said when discussing the matter was that he hoped to get into production shortly, so that the subject has been under consideration by these people for some considerable time, and I have no doubt they took into account all the facts connected with it.

Mr. HATFIELD: Is it not a fact that practically all the chemists and engineers at the Sarnia plant come from the Standard Oil or the Imperial Oil company and are not interested in making rubber from agricultural products?

Mr. GARDINER: All I would say in that regard is that at the present time everyone realizes that we have to make rubber no matter what it costs; we are in the midst of a war. Everyone knows that the reason why Germany made synthetic rubber before the war started was that she could not find rubber towards the end of the last war, and it made no difference what the cost might be to her to produce it at home. She did produce it in her own country. We find ourselves in the middle of this war without available supplies of rubber, and we have to produce rubber in Canada and the United States no matter what it costs. I hope that the members of this committee, who when addressing themselves to other questions think largely in terms of the Atlantic charter, are not thinking that when the war is over we shall produce any commodity that we can possibly produce irrespective of the cost. I am not one who advocates that policy. I do not think the government advocates it, and I doubt very much if the members of this house advocate it, that after the war we should produce rubber from wheat just because we can produce it, no matter what it may cost. We might be further ahead to trade wheat for rubber where the latter can be produced at a much lower cost than it could be produced here. I would not say that with the information before us we would get very far along that line in discussions at the present time, basing our discussions upon what was done in Germany before the war or what is being done in Canada or the United States since the war started. We must look forward to the time when we shall be at peace and realize that we shall be able to get some of these commodities elsewhere, particularly if we win the war. Under those circumstances we may do things in a way different from the method we are following now.

Mr. SLAGHT: Apropos of the questions which my hon. friend has asked, and in the absence of the minister of munitions, I may say that before Canada made her decision as to the Sarnia plant, I personally took an

interest in the matter and had an interview with him, and I know that he engaged Doctor Speakman, who is head of the provincial national research bureau in Toronto, a very able chemical man—

Mr. GARDINER: He made this report.

Mr. SLAGHT: —and I had conferences with him before the Sarnia plant was actually set up. He went to Washington and conferred at some length with the authorities there on the subject of alcohol and the use of wheat as against the use of petroleum. There was a considerable difference of opinion among the experts in the United States, a good deal of controversy for some time, but I can assure hon. members that Canada investigated the subject thoroughly before the Sarnia plant was decided upon.

Mr. WRIGHT: I quite agree with the hon. member that the government did make a thorough investigation before establishing the plant, but there have been developments since that time. What most members here desire to see is some further investigation so that progress may be made in the development of alcohol from agricultural products, to show whether more can be done in production from that source than from petroleum. We should like to see the government continue experiments to ascertain whether alcohol cannot be made from agricultural products to better advantage than in 1941. I feel sure it can. All the experiments carried on at the present time tend to show that, and it is the desire of most members to have the government carry on these experiments, even though they have committed themselves to the present programme. They have no alternative to that programme since they committed themselves to it, but that is no reason for dropping present experiments.

Mr. GARDINER: There is no intention of dropping any present experiment.

Mr. EDWARDS: It is with some hesitation that I rise to speak on this matter, because I appreciate that in time of war it is not the popular thing to try to divert public thinking from the immediate necessities of war and the problems which they have created. But, having listened in at some of the conferences of the Empire Parliamentary Association and tried to look into the future, it seems to me that, in view of the adjustments which are being made by other countries, allied and anti-ally, western Canadian agriculture is likely to be faced with a serious problem so far as markets are concerned for what are now the natural products of the prairies.

It is not unknown that since the war began the British isles have increased their agricultural production from thirty-five per cent of their national needs to, now, seventy per cent of their national needs. What effect is that going to have on the potential post-war market for the great bulk of, shall we say, western Canada's agricultural production? Is it not a moot question whether Canada can hold the favourable position she now has so far as the British market is concerned? And if peradventure the European countries which during the war have increased their agricultural production should be inclined to continue to do so, what then? They have done this through force of necessity, taking advantage of scientific research and mass production methods; and I am greatly exercised and concerned as to what we in Canada—I am not selfish in this respect, because what applies to western Canada applies also to eastern Canada—are to do with our surplus agricultural products if we continue to produce wheat and as we have done during the war. It may be that we shall have to change, if not our methods, the products of our farms in the west. The war has taught the people of Alberta, at any rate, how to raise hogs advantageously and satisfactorily, and how to produce milk and cheese and butter in quantities such as were never before contemplated. If we are to maintain the agricultural population that we now have in western Canada, we must, I believe, do one of two things: either produce a finer quality of what we are now producing, and more economically than it is now produced, or discover other ways and means of using these products, or other products which can be grown on the soil and in the climate of western Canada.

The first words I uttered in this house come back to me. They were said on the minister's estimates. I put it to myself at that time, and I put it to the committee: what would a business man do under similar circumstances? If he had a surplus production problem in respect of his plant, he would do one of two things. Either he would call in merchandizing specialists to show him ways and means of creating a consumer demand for what he was producing, and thereby enable him to get rid of his surplus, or he would go out and get the best scientific brains and ability that money could buy in order to show him how he could economically change his factory facilities to the production of some other commodity which he could produce economically and which would find a market. That is the history of every successful industrial institution on the north American continent.

We have a surplus of wheat. I am not concerned about the possibility that that surplus will last very long. Once the war is over it will melt like the proverbial snowball. But I believe that two, three or four years after this war is over we shall be confronted with a surplus situation; and rather than depend on our ability to get rid of wheat as such, I should like to think that this country is employing the best scientific brains and ability available to find other products which can be economically produced in western Canada, or other means or uses for the products which are now produced in such enormous quantities. I believe that the answer is to be found in the brains and the test tubes of our young scientists. But having made it my business, in common with certain other western members to canvass the situation with the national research council—and these excellent gentlemen are doing a mighty fine work in that institution—I am impressed by this consideration: from the very fact that that institution is located here in the heart of industrial Canada, it is pressed more with the problems of industrial eastern Canada than with the urgency or the necessity of scientific research to find means of processing and making from our agricultural and other primary resources, new products and discovering or devising new uses for our agricultural and other natural products.

I hope that as a result of what has been said in the last few days under this particular item, the government—I have no doubt as to what the minister feels about it—will accede to the request of the agricultural representatives and see to it that, either under the Minister of Agriculture there are set up across this dominion laboratories manned by scientific men whose primary function shall be to discover new uses for our agricultural products, or else fresh emphasis shall be laid on that field of research with which our national research council is also charged. To my way of thinking the industrialists and manufacturers of eastern Canada, or of Canada as a whole if you will, are getting the benefit of the scientific brains and research work of the research council to a much greater extent than the primary producers. I do not say this has been to the detriment of those producers, but I do say the needs of industry are being over-emphasized as compared to the needs of our producers, who themselves individually are not impressed by the need for scientific research and study in the same way or to the same extent that the big manufacturing institutions of this dominion are.

I for one would be very much disappointed if something did not come out of this discussion which has been deliberately precipitated by thoughtful members of this house on both sides, who have no selfish motives or ideas but are trying to further the welfare of the country as a whole. At least that is my purpose, and I give the same credit to other hon. members who have spoken on this subject. Naturally I think of my own province, which is perhaps the only province in Canada which has a surplus of electrical energy, to say nothing of the coal and oil potentials with which to manufacture and process the natural products of the prairies. I look to the minister, as I am sure all agriculturists of western Canada look to him, as our champion, to find new ways and methods of using our products. I believe this will have to be done, and I think the answer will be found in the test tube and the scientifically trained men. I trust that never again will this item be the small, picayune thing it is now, in dollars and cents, having regard to the magnitude of the problem with which we are and shall be confronted in western Canada.

Mr. JAQUES: This question of surplus foods is no new thing; it is a very old question. Of course as the minister said—and I like to think of the Minister of Agriculture as having one of the hardest heads in Canada—if we look at this question from the point of view of the war, then we may take one attitude towards it; but if we take the long view as to what is to be our policy after the war is over, then that is something entirely different.

Hon. members have said that the great problem is to set scientists at work to find the most scientific methods of spoiling as much human food as possible—that is what it amounts to—because we have or will have a so-called surplus. In the interval between the two wars there were millions of people all over the world who were underfed and undernourished. I believe it has been stated by the chief government medical health officer in Great Britain that over fifty per cent of the people of that country are underfed and undernourished, and I am perfectly certain that Britain's record is not worse than that of any other country. I have not the figures; I cannot carry them in my head anyway, but I believe the situation is even worse in the United States. Yet when people were literally starving, farmers actually were being paid not to raise hogs, to plough up their potatoes, and to do all sorts of absurd things. Now we are told that the solution

is in the test tube. Well, as I have said before in this house, I have had a lifetime of experience in farming. I speak as a farmer, for the farmer, and I do not take a back seat to anyone in this house on that count. I have also had some preliminary training in chemistry, so that I know when people are talking a little science and when they are talking bunk. Most of it to-day is bunk; there is plenty of that.

What have we to do? I am not speaking of the war; for that is a totally different thing. War is hell, and just now we have to endure hell. I am speaking of the long-range programme, after the war is over, when surely we shall have a happier world, which means a better-fed world. Why has it been possible in the past to raise the food but impossible to distribute it? It is not a question of production but one of distribution, and in that connection you have to look not in the test tubes but in the ledgers of the bankers. Personally I have very little faith in so-called scientists; I think we need more hard-headed, common, horse sense. I think first the world has to learn—and people may laugh at it if they wish, but it is the truth and the war proves it—that under orthodox economics or orthodox finance or orthodox business or the orthodox price system it is impossible for the producer to distribute enough money to sell what he produces. That is why the consumer must be financed directly. If that were done the farmer would have no fear of not finding a ready market for everything he could produce. It is not a question of demand; the demand is there. It stands to reason that if people are underfed and undernourished, there is a demand for food; but the fact is that this demand is not effective because there is not enough money distributed to make it effective. So that rather than confess to ourselves that we have been blind in the past; rather than admit any mistakes on our part, the only solution we can see is to put our so-called scientists to work in order to spoil food and render it unfit for human consumption. If I might make a plea on behalf of the farmer—and I speak at present for the farmers as well as the rest of the people of Canada—it would be that we would put some real economists to work on the problem, so that in the end we could make financially possible anything that is physically possible. We have done that during the war, and the only reason we have done it is that in war time the canons of sound finance are silenced by the cannons of the enemy.

Mr. BLACKMORE: May I associate myself with both hon. members who have preceded me? It is true that we ought to have the west industrialized a great deal more than it is, and in that respect I agree entirely with the hon. member for Calgary West. I believe it is also true that we are going to deal more in the field of plastics and synthetic products than we have in the past.

I was shown through a plant on one occasion, and it was clearly demonstrated to me that first-class houses could be made out of potatoes. That was one example of the extent to which potatoes can be processed. The hon. member for Wetaskiwin would feel that that was a wastage of good food. I will grant that if there is a demand for that food, it should be used as food. But it is conceivable that our productive capacity in relation to potatoes will increase, and potatoes might go bad for lack of buyers. Under such circumstances it would surely be better to process them into something valuable.

I wish to ask the minister one or two questions with respect to the production of alcohol from wheat. What has been the experience in the manufacture of alcohol from durum wheat, or have any experiments been made?

Mr. GARDINER: It would be about the same. There might be a slight difference, but not much.

Mr. BLACKMORE: What has been the experience in connection with sixth grade wheat?

Mr. GARDINER: The closer it gets to 60 cents a bushel, in other words the lower the grade of the wheat used, the greater the possibility of producing alcohol from it. But what I said at the beginning is still true, that western farmers are not anxious to sell even low-grade wheat at less than 60 cents a bushel.

Mr. BLACKMORE: What has been done with respect to potatoes? Have any experiments been made to discover whether rubber can be made from alcohol extracted from potatoes?

Mr. GARDINER: Yes, there have been experiments in that connection. The cost is very much lower with potatoes than it is with wheat.

Mr. BLACKMORE: In the course of our travels in England in 1941 we visited the university at Cambridge, and I was much impressed by some things I was told there. We were told about certain kinds of potatoes which were very large and misshapen, but it looked as though they might be developed to the point where the yield would be enormous. If we could find a type of potato from which we could extract alcohol under suitable conditions, we might be able to manufacture rubber from potatoes, and do it successfully.

Mr. GARDINER: The different costs might be best illustrated by giving a complete record of the crops investigated. This is a table showing the return per acre from different crops:

	Return per acre
Artichokes	$70 73
Sugar beets	75 73
Potatoes	48 78
Corn	36 42
Barley	30 10
Wheat	17 51

It will be noted that the returns per acre range from $75.73 for sugar beets down to $17.51 for wheat. I believe these figures indicate the commodities from which alcohol might best be produced.

Mr. BLACKMORE: What yield per acre of potatoes was used in making this computation?

Mr. GARDINER: A yield of 250 bushels.

Mr. BLACKMORE: That is a small yield.

Mr. KNOWLES: A few moments ago the minister drew a distinction between war-time and post-war conditions, and I believe that distinction was well taken. He suggested that the conditions under which we produce commodities while a war is on are different economically from the conditions prevailing in peace time, and that it is quite possible that there are some things we are producing to-day which in peace time could not be produced economically. I suggest however he should realize that hon. members, and particularly those of us from western Canada who are pressing this matter, have both war-time and post-war periods in mind. We feel that a contribution to the war may be made by a further investigation into the possibilities of producing synthetic rubber from alcohol derived from grain, and, as other hon. members have pointed out, such as the hon. member for Calgary West, we are deeply concerned about the position of western agriculture, and agriculture throughout Canada, after the war is over. We are anxious that there shall be no depressing of the standard of living of our people on the farms. We feel it will not be possible to induce people to go back to the farms, if I may use that expression, from war industry and the armed services, simply by making speeches about the glories of farm life and all that sort of thing. We have to revolutionize agriculture and the possibility of its providing a really good life for the people who participate in it. I agree with the hon. member for Wetaskiwin, that there is much that needs to be done to turn the requirements of the people for food into effective economic demand. But it appears that even after we have done that, there will still be surpluses of agricultural products; and unless we find other uses for them the people who will suffer will be the farmers. We urge that the Minister of Agriculture and his department approach aggressively this matter of further investigation.

Mr. GRAHAM: I shall take only a few moments to add my voice particularly to what was said by the hon. members for Calgary West and Moose Jaw in connection with the support to be given to research work for the improvement of agricultural products and their use for industrial purposes. I am in complete accord with the statements made by those two hon. members and some others.

There is only one point I should like to make quite clear, and that is that the success of such a project would not be in the interests of agriculture only; industry would benefit very greatly if such a programme produced the results expected. Natural resources such as petroleum, coal and iron are wasting deposits on the north American continent. We see that illustrated particularly in respect of iron, petroleum and many other products of the mines. It would provide a useful contribution in the way of supply for our industrialists if out of the earth an annual crop could be produced to furnish substitutes for materials that are now gradually used up.

The hon. member for Moose Jaw mentioned a figure of $500,000. I think he set that figure arbitrarily in order to give point to his argument that research work should be carried on in this connection. I do not think any particular amount is involved in the expression of opinion that is coming from this committee. The men of the national research council who have given some thought to this matter point out that any research work of value is a matter of careful planning over a number of years. Research work involves a great number of failures, the elimination of what cannot be done in order to find out what can be done. I think this committee would feel like urging upon the minister that an amount be provided from the treasury, whether it be under $500,000 or over $500,000, in order that these objectives may be reached. I hope the minister will give effect to the almost unanimous opinion of this committee that such a plan should be put into operation, and that the scientists of this country be given an opportunity to contribute to our future welfare, as they have done to such a large degree in the past. A by-product, as it were, of this particular work, our young chemists and physicists would be kept in Canada. As a matter of course these men in the past have found employment in the

United States, with tremendous loss to this country. These men would prove of inestimable value to us, and this work would give them an opportunity to serve Canada and improve Canadian standards of living.

Item agreed to.

13. Experimental farms service—Central experimental farm, $588,560.

Mr. BLACKMORE: I should like to pay a tribute to the work done by the central experimental farm at Ottawa and to tell the minister that I thoroughly support this appropriation.

Mr. GRAYDON: I want to make the shortest speech delivered this afternoon, and to say that I endorse what the last speaker has said with respect to the central experimental farm.

Mr. HANSELL: Is the minister satisfied that there is no duplication of work by the federal experimental farms and the provincial farms? I do not see how it could be avoided, but I suppose the minister will say that there is no duplication. Money would be saved by avoiding such duplication in the future.

Mr. GARDINER: This matter has been gone into on a number of occasions. The last time it was reviewed was when the Sirois report was presented. Speaking from memory, I think it will be found that both provincial and federal authorities agreed that there was very little overlapping in agricultural work as between the provinces and the dominion. The provinces are entrusted with the task of looking after education, whether it is with regard to agriculture or anything else. I believe each province has an agricultural college, or at least each section of Canada has an agricultural college, and each institution has a certain amount of land that can be used for experimental purposes. That is true of Guelph, and the Ontario government also have a fruit experimental station in another part of the province. It is true also of Saskatchewan, Manitoba and the other provinces, with the possible exception of Prince Edward Island. The work carried on at these colleges does not overlap the work of the federal experimental farms.

Last year we closed the farm at Rosthern because it was considered to be too close to the agricultural college at Saskatoon, which caused a certain amount of overlapping. In addition there are committees upon which representatives of the provincial governments and the federal government meet to consider any work that may be required in a province with which the federal government is associated. Any work that is done provincially is linked up with our work in order to cut down as much as possible the duplication which might occur in carrying on the activities of a country where there is a federated form of government.

Mr. HANSELL: Experimental work is carried on by the colleges.

Mr. GARDINER: Only along certain specialized lines. The Ontario government has an experimental station in the middle of the fruit belt, but it does not duplicate any of our work.

Mr. HANSELL: Is the experimental farm at Lacombe, Alberta, still operated?

Mr. GARDINER: Yes.

Item agreed to.

Experimental farms service.

14. Branch farms and stations and illustration stations, $1,292,769.

Mr. PERLEY: Could the minister give us some information as to the work being carried on by these branch farms and illustration stations, particularly those located in the west? There is considerable need for the production of seeds, such as flax, milkweed and sunflower. Also considerable work has been done by the federal government in connection with early maturing and rust-resistant grains. I should like to know to what extent the stations in the west are being used.

Mr. GARDINER: Since the war began the work in connection with the production of seeds has been greatly increased. This has been necessary in order to supplement our supplies of seeds which were formerly produced in European countries. I should like to refer to a matter mentioned by the hon. member for Qu'Appelle a moment ago. I have in my hand printed copies of the information which was given to the agriculture and colonization committee at I think eleven different sittings and which deals with the very matters we are dealing with to-day. There are more than eleven; there are eleven already in print, and information with regard to most of the questions that are being asked here is contained in those reports, just as it will be in *Hansard* if we carry on this discussion. I should like to remind members that early in the session we had under discussion the question whether it would not be a good thing to have much of the discussion that takes place in the house, very often in the last two or three days of the session, carried on in a committee of the house where the officials could be present and give

all the information that was required, and so my department was used as a guinea pig this session. We have submitted the Department of Agriculture to the committee, and for some weeks now we have been going through the process of permitting the members to go to that committee and get all the information they required from the officials. That information is all down in very good form, and any member can get these reports and read them.

When the committee began to sit, the question came up whether we were going to discuss in the house again all the matters that might be discussed in committee. There might be reasons for such a rule, but I said no; and I am not speaking now with the intention of debarring discussion, but simply to point out to the members who have not had the privilege of sitting in the agriculture committee that anywhere from twenty to sixty members of the house have been attending a considerable number of the sittings of that committee and gathering all this information. When the estimates of the Department of Agriculture were submitted to the committee I was hoping it would have the result of permitting hon. members to go to the committee to bring out the information they wanted, which would appear in reports from day to day just as *Harsard* comes out, and that the information so furnished would answer most of the questions that are now being asked, and that discussion here might be confined to policy.

Mr. STIRLING: Can the minister have an index to these volumes eventually produced? That would greatly assist in finding what you want.

Mr. GARDINER: The volumes are not indexed individually, and I understand that an index will be prepared to all the reports. Here is one report; the front page shows that there was a general introduction by myself and Doctor Barton—we were called before the committee first; then Mr. Singleton spoke on dairying, Mr. Shaw on production, Mr. Presant on feeds, Mr. Brown on poultry, Mr. Pearsall on meats, and so forth.

Mr. STIRLING: The names of the witnesses who appeared before the committee are given, but if we are to use the reports as an informative work it would greatly assist if a subject index could be supplied when the reports are completed.

Mr. GARDINER: I think that will be done.

Mr. PERLEY: The minister referred to the fact that I had earlier in this session suggested the very thing he has just mentioned. The information that is asked for will for the most part be found in the committee's reports. I just wish now to ask a question with respect to substations. Are they being used any more than they have been in the past, and if so to what extent? I know one or two in particular in my own district that are doing very little. I think they could be used to a much greater extent than they have been in the past.

Mr. GARDINER: Experimental work is being carried on at the farms right across Canada. The Indian Head farm, I imagine, would not be suitable for carrying on experiments in connection with some garden seeds and other seeds that might be produced on some of our farms elsewhere. We are using the farm at Indian Head to carry on experiments in connection with grains of all kinds, particularly to secure rust-resistant varieties of the different types of grain. We are using the Swift Current farm not only for the purpose of assisting in connection with irrigation but also to investigate the use of farm machinery. It is being utilized to the greatest extent possible during this war period. We are attempting to grow certain seeds at our British Columbia farms, and the same is true of the fruit areas both in the maritime provinces and in Ontario. All our experimental work in connection with dehydration, for example, was carried on in a very limited way before the war at our farms such as that at Summerland in British Columbia and Kentville in Nova Scotia, and the men who were engaged in that work are the men who are heading the whole activities now in connection with dehydration as related to the war.

So far as the commodities we were speaking of a few moments ago are concerned, we are producing plants which will give rubber. That is being done on our farms in different parts of Canada. The same is true of soya beans. We are experimenting with soya beans right across the country, to see if we can develop varieties which can be produced successfully in the colder regions of Canada as compared with the warmer sections of the United States. That kind of work is going on constantly.

Mr. WRIGHT: We have in northeastern Saskatchewan an area which is engaged in the growing of alfalfa seed, and in that area we have three illustration stations. They are doing good work now, but their work is limited. The growing of alfalfa seed is something about which we have still a lot to learn. I think more scientific study should be given to it. These illustration stations are doing the best they can, but there is no scientist at the station. The stations are operated by the farmer on his own farm, under supervision. I

do not think that is doing all that is necessary in the producing of that seed. No one seems to have any definite idea or knowledge as to why in some years the seed will set and in some years it will not. I urge upon the minister that definite experimental work be done in this connection. I do not know just what work is being carried on at Saskatchewan university, but I imagine something has been done there. Some work should be done in the area directly affected; the minister should establish more stations in this area to deal with this problem, which is of vital interest to the people there. It is seventy-five per cent of their living, and something which kept them off relief in the last two or three years prior to the war. The growing of alfalfa seed is a subject on which there is much to be learned. I should like the minister to comment on that.

Mr. GARDINER: There are three stations located in the area where the alfalfa is being grown. The difficulty in the growing of alfalfa has as much to do with soils as with anything else. It has been found that there are sometimes deficiencies in the soil and experiments are being made to determine what may be lacking which the alfalfa plant requires. Then the farmers will be advised what they ought to do to give the soil what it requires. It is true that scientists are not at the stations. I am sure the hon. member for Melfort will agree with me that they do not lend themselves to a set-up sufficiently large to provide for having scientists stationed there, but we have laboratories located at Saskatoon, which is the educational centre in agricultural matters in the province of Saskatchewan. There is located there a forage crop laboratory. As to the seed not setting and questions of that kind, they are referred to our representative, Doctor White, at Saskatoon, who operates that particular laboratory. The other matters having to do with soil are referred to the soil section. We work in association with the college of agriculture in Saskatoon in relation to soils, and scientific men are located at these centres. We have men who do scientific work in connection with soils at Swift Current. We do not put them at stations located here and there in the different provinces but put them at central points; the results of experiments carried on at the experimental stations are referred to these men and they conduct scientific investigations and give scientific advice on these matters.

Mr. WRIGHT: Is there any man who makes a study of this particular question?

Mr. GARDINER: Doctor White has an assistant who does nothing other than alfalfa work.

[Mr. Wright.]

Mr. BLACKMORE: What success has been attained in the experiment of raising sugar beet seed? Our sugar supply has been cut off by the war, and this is an important question.

Mr. GARDINER: The work in connection with sugar beet seed is done at the central experimental farm here and at Summerland, British Columbia. These are two farms at which we find it advisable to carry on that work. We have met with marked success. The beet seed can be grown successfully here.

Mr. BLACKMORE: There should not be any difficulty in raising enough beet seed to supply Canadian needs.

Mr. GARDINER: I understand we could raise all the seed here necessary to supply the requirements in Canada.

Mr. BLACKMORE: And at a reasonable cost to meet competition with German seed?

Mr. GARDINER: The costs are fairly comparable with those in the United States, but they are not as low as on the European continent.

Mr. CASTLEDEN: We in this group are very much in favour of the plan the minister has outlined for getting materials relating to his estimates before members of the committee on agriculture and other committees as well. I suggest that if some announcement is made beforehand as to what particular items will be presented to the committees members may be able to have some representative from their group ask questions with regard to a particular item when it is impossible for them to attend. Personally I can say for this group that we are so busy with committees that often the overlapping makes it impossible for us to attend all committees. I think the move is one in the right direction, and it should be extended to other departments to prevent the disgraceful spectacle which we have sometimes when a few members sitting here pass millions of dollars in the dying days of the session, without any questions being asked. Has anything been presented to the committee with regard to the development of the sheep industry from the point of view of mutton and wool?

Mr. GARDINER: Yes; that has been done.

Mr. CASTLEDEN: What item is that?

Mr. GARDINER: It is not in print yet. Mr. Hamer gave information in that regard, but it has not yet been printed. It will be in print within a day or two.

Mr. CASTLEDEN: Does that give figures with regard to the sheep population of Canada, and is there anything in connection with the development of wool and mutton sheep suitable to western Canada?

Mr. GARDINER: I doubt very much whether there are detailed figures with regard to production, but I have some figures for production of farm products. That would come better under the item of production services, which comes next.

Mr. CASTLEDEN: I think we should encourage the development of the sheep industry in western Canada. Some of the finest wool produced in Australia is produced in the cooler areas. There is diversification of agriculture there, and an opportunity for diversification would be beneficial to our western farmers.

Another matter which has been quite evident in recent months is the growing of potatoes. Western Canada grew a very large crop last year, and some farmers were offering people potatoes if they would come and dig them up. They have not been able to take advantage of the markets on account of the quality of the potatoes. They have a scab on them, and proper attention has not been given to growing the right kind. Is anything being done in the way of a programme of education to induce the people in that area to go into the commercial growing of potatoes and shipping them? There is a problem out there, but if proper steps were taken to develop this line it would make western Canada one of the most productive fields. What has been done by the experimental farms in that direction?

Mr. GARDINER: As regards sheep, we have been carrying on work similar to that done in Australia. We have taken some of their breeds, crossed them with some of our own and produced a Canadian type of sheep which we are now attempting to encourage people to make use of in building up flocks in this country. That work has been going on for some time. It is purely a western activity.

So far as potatoes are concerned, I have hesitated to raise the question here, but it seems that I cannot avoid it when a question is put to me direct. I understand that about 100 carloads of potatoes were shipped from Saskatchewan to the east during this period of comparative shortage, but I have been somewhat concerned ever since the war started about directing people to do things during war time, which they can do to advantage but which would probably put completely out of business someone else who is just as much concerned about making a living as people in other sections of the country. It is well known that the Idaho potato is regarded as one of the best varieties produced on the American continent. Idaho runs up to our boundary line, and we have vast areas in the west on which I am satisfied we could produce potatoes. There are 500,000 odd acres of potatoes grown in Canada. We have 300,000 farmers in the west, and if we got each one to grow an acre of potatoes for sale it would play havoc with the potato market in Canada if we had to market the product here. I do not know that our people in the west are particularly anxious to get into the growing of potatoes. If we guaranteed a price we could get them to grow so many potatoes next year that we could supply the continent, provided the price were high enough. Whether that is a good thing to do in the midst of a war, and when people do want to buy greater quantities of everything than before, is something about which I have some doubts. If we grow more potatoes in the west I hope it will be because we have a suitable market for them. We would go into potatoes and find in a year or two's time that not only were we not able to make anything ourselves, but we might have put everybody else out who could not grow anything other than potatoes to advantage.

I do not know how many hon. members of the committee have been in the section of New Brunswick where they grow potatoes. I was there last year and on one previous occasion. While we in western Canada talk about wheat, in so far as that more limited area is concerned they grow potatoes just as we grow wheat. I was astonished upon my first trip at the size of the area taken up with the growing of potatoes. While it is not large as compared with the level plains of western Canada, in that whole area the people depend absolutely on potatoes for their existence. I would hesitate even in war time to start inducing people in other sections where they can make a reasonable living to go into potatoes on a basis which, if not before the war is over, certainly when the war is over, would not help themselves and would injure other people. We have been trying to keep these things as nearly as possible on a sound basis.

Mr. CASTLEDEN: I believe that the dehydrating plants in the east have used up practically all their supplies and that at the present time there is a shortage. If the minister reads the report of the food conference which was recently held in the United

States he will find that one of the things they said there is that there has never been enough food in the world to satisfy the nutritional and health standards of the people of the world. We are going to need the production, and if present plans regarding freedom from want and fear are to be carried out we shall need a considerable production in those areas of western Canada where production is possible. I understand that the dehydration of potatoes to make potato starch is not a particularly complicated process, and it would provide a food which will be needed very seriously within the next three or four years, not only in this country but throughout the world.

Mr. GRAHAM: In normal times where do the New Brunswick potatoes find their market?

Mr. GARDINER: Some of them, in Canada, some of them in the West Indies; some in South America, as seed; some of them in the United States. The hon. member who sits across from me—he is not in his place at the moment—markets a lot of them and could tell the hon. member for Swift Current more about them than I can. At the present time they are marketed all over the particular areas I have mentioned.

Mr. GRAHAM: Is there any duty on the entry into the United States of those potatoes?

Mr. GARDINER: Yes.

Mr. FAIR: May the price of wool be discussed under this item?

Mr. GARDINER: It does not come under this item; it comes under marketing or under the war appropriation.

Mr. CASTLEDEN: What was the grade of these western potatoes which the minister said were shipped from the west to the east?

Mr. GARDINER: I understand that they were mostly "A".

Mr. CASTLEDEN: They were all graded before they were shipped?

Mr. GARDINER: I think they were; yes.

Mr. CASTLEDEN: And they came up to standard?

Mr. GARDINER: Well, they would, yes. They would have to, before they would be graded those grades.

Mr. CRUICKSHANK: It has been stated that this country could grow enough potatoes to supply the whole continent if we utilized our land. According to to-night's *Journal* the duty on potatoes has been slashed from ten to fifteen per cent. How will that affect the production of potatoes this year?

Mr. GARDINER: I would rather leave the discussion of this matter until we come to marketing.

Mr. BLACKMORE: Inasmuch as the question has been raised of the findings of the food conference at Hot Springs and the statement has been given us that they found that the world has never produced enough food, I think it would be fitting that we point out that the committee did not take the trouble to mention in their report that the world never has been able to buy all the food which the world has produced. In my judgment that is an exceedingly important point. The committee's report went at the whole problem entirely from the wrong end; it failed to discover why the world has not been able to buy the production which the world has had.

Item agreed to.

Production service.

16. Health of animals—administration of Animal Contagious Diseases Act and Meat and Canned Foods Act, $1,818,000.

Mr. SENN: I should like to get a little information from the minister on this particular item. It seems that under these items there are three different plans for the eradication of tuberculosis. The first is what is known as the accredited herd plan; second, there is the supervised herd plan; and, third, is the restricted area plan. All of these in the past have been very successful and I think they have done a good work. From time to time arrangements are made for the restricted area plan, particularly. I should like to know how many accredited herds there are in the process of being worked out; how many restricted areas are ready for work; how many of them are going to be done this year; how many supervised herds have made application, and how many are to be carried through this year.

While I am on my feet I should like to know whether there is any intention on the part of the department to change the valuation of these cattle for compensation purposes. The valuations are always very low, and I understand that there is a limit on the valuation that can be paid for any pure bred animal, or any animal in a restricted area. Everybody knows that the price of cattle has increased greatly. Pure bred cattle, particularly dairy cattle, are selling at comparatively high prices to-day, and it does not seem reasonable that the same price should be paid as compensation to-day as was paid when cattle were very much

lower in price. Has any consideration been given to changing the amount of the valuation that is allowed, and, if so, what is it the intention of the department to do?

Mr. GARDINER: The present rate of compensation for cattle which are slaughtered on account of tuberculosis is two-thirds of $60 for grades and two-thirds of $150 for pure breds. We have had requests for increases in those amounts since the price of cattle went up, but I would recall that it is not very long since the price of cattle was pretty well down at the bottom, and we did not reduce the amounts during that period of time.

Mr. SENN: Oh, no; but may I remind the minister that the limits were not always paid. The valuation was made, I understand, by the veterinary who tested the cattle.

Mr. GARDINER: That is true.

Mr. SENN: And they do not always pay the limit.

Mr. GARDINER: That is true; it is a maximum that is set. We have not considered raising the maximum, up to the present. We have not thought it wise to do so, largely by reason of the war conditions under which we are operating.

Mr. SENN: In one breath the minister says they have not considered it, and in the next he says they do not think it is wise. What does he mean?

Mr. GARDINER: We have not considered doing it, I should say. We have considered it; we have had letters from time to time asking us to do it, and we have written back to each organization or person stating that we have not decided to take this action, so that up to date there has been no increase, and I have no reason for saying that there will be.

Mr. SENN: Will the minister give the list of restricted areas that are in contemplation for this year? I ask the question because two or three years ago my own district voted in favour of it, but it has never been carried out there. I should like to know the names of the particular areas, at least in Ontario.

Mr. GARDINER: Under the accredited herd plan we have 8,275 fully accredited herds; we have 211 herds in the process of accreditation, and twenty-four herds for which accreditation has been asked but which have not been checked as yet. That makes a total of 8,510 herds. Under the supervised herd plan we have 38,492 herds tested and 2,639 herds awaiting test, making a total of 41,131. I think the other question had to do with the restricted areas?

Mr. SENN: In Ontario, the areas in process of being accredited, or where that is in contemplation.

Mr. GARDINER: In eastern Ontario the cattle tested for the first time numbered 77,631; the total tests made numbered 128,805; the reactors numbered 302, and there were 306 reactors slaughtered. I do not know just how we could have only 302 reactors and 306 slaughtered, but I suppose the other four were carried over from the previous year. Compensation awarded amounted to $9,989; that is for eastern Ontario. I have the figures for the Belleville district, the Toronto district—

Mr. SENN: That must be re-tests; that cannot be the original tests, surely.

Mr. GARDINER: Some would be re-tests; unless the original tests were made this year they would not be the originals. This is the statement for this year. For the Belleville district, which limits it to a more restricted area, the number of herds under supervision totalled 1,927. The number of cattle under supervision was 23,178; the cattle tested for the first time this year numbered 13,189; the tests made numbered 23,475, and there were ninety-four reactors, all of which were slaughtered at a cost of $2,096. That is a very low figure.

Mr. PERLEY: That is for Ontario?

Mr. GARDINER: That is just the Belleville district.

Mr. SENN: I think the minister missed the real point of my question. There are certain areas which are accredited from year to year, and there are certain other areas which are awaiting to be accredited, and that was the information I wanted to get.

Mr. GARDINER: The hon. member means the restricted districts?

Mr. SENN: Yes.

Mr. GARDINER: I have the certified districts in Ontario, with the dates of expiration: Brant, July 1, 1945; Carleton township, September 1, 1945; Frontenac, April 1, 1946; Kenora district, December 1, 1945; Manitoulin island, May 1, 1944; Prescott, March 1, 1949; Rainy River district, October 1, 1943; Russell, April 1, 1949; St. Joseph island, December 1, 1947; Temiskaming, December 1, 1945.

Mr. SENN: Are there any to be commenced this year?

Mr. GARDINER: I have those which have been accepted but not yet tested; I think this is the group the hon. member wants: Hastings county, Haldimand county, Lennox-Addington, Huron, Bruce, Haliburton, Oxford, Perth, Wellington, Middlesex and Elgin.

Mr. SENN: Is the department contemplating starting any of those this year?

Mr. GARDINER: There is only one we have definitely decided to go on with this year, namely Wellington.

Mr. QUELCH: I live in one of these tuberculosis-free areas in Alberta, and when that district first came under the scheme it was understood that a very much larger area was to be included. I understand, however, that owing to the war this work has had to be stopped. Unfortunately this is what is happening. A large number of untested stock are being brought into the district every year, and I was wondering what action is being taken by the government to check that practice. I know it is happening right along, and I know a great many people are doing it innocently, but apparently no check is being made. They ship a truckload of stock from Calgary; the stock are fed in the district, and some are kept there. I am afraid that the next time a check is made a large number of stock will be found that have not been tested.

Mr. GARDINER: There may be persons living in that vicinity who allow untested cattle to come into the area, but I happen to live in one of those areas myself, and I have cattle both in the west and in Ontario. My cattle in the east are not in a restricted area, and I am not able to ship even my own cattle to the western area unless I have them tested before sending them. Somebody sees that I must do this, and I think that is generally true.

Mr. QUELCH: It has happened in that province. For instance, the boundary line is just a few miles south of my home. I attended an auction sale one day, and farmers were buying stock and bringing it to my district. There is nothing to stop them.

Mr. GARDINER: The present position is that if I bring an animal into my herd in the restricted area, and that animal is not tested, I am pretty well faced with the necessity of having my whole herd inspected before I can keep those cattle. I just do not do that. I have run into that experience once or twice, where I have gone out into a restricted area to buy a bull, for example. I never bring that bull and put him on my farm until he is tested, because if I did I would be up against the possibility of having the whole herd polluted, and I would have to have them all tested.

Mr. QUELCH: Would it not be wise to remind the people once in a while that they are in a T.B. area, and that they have no right to bring stock in? I do not think it is done wilfully; perhaps they just forget.

Mr. PERLEY: Is there a general increase in the restricted area in the west, or what is being done along that line? Further, what has been done about community pastures which have been established? Do the officials insist that all animals coming into those pastures be tested, or do they allow them in without?

Mr. GARDINER: In answer to the hon. member's first question, I think if we had the money to conduct the tests, and the men to conduct them, we could have had nearly all Canada as a restricted area at this time. That is, that would be the case if we were to take into consideration what the public want us to do. We have applications from all parts of Canada, and they come in, in as great or perhaps greater numbers from the west than from any other part. Since the war started we have been holding down our expenditures for this purpose. In the first place, we have been setting aside enough money to complete the inspection, and then re-inspect to be sure that the district is pretty well relieved of T.B. cattle. In addition to that, we have the condition that two or three counties may already be in, or two or three municipalities, and there would be a natural land division—a river, a lake or something of that kind forming the boundary—which would render a municipality part of that natural group, and where cattle would naturally move, as has been indicated by the hon. member for Acadia. We have attempted to overcome that situation by getting all that area in as soon as possible, and we have been carrying on tests in areas of that kind, even since we have been short of the cash required to do it to the extent we would desire to do it.

In addition to that, we are taking into consideration all of the requests made to us from different parts of Canada, and we are having those lined up so that we may deal with them as soon as we have the funds. The work is going on as rapidly as possible.

Mr. PERLEY: And what about my other question, with respect to pasture?

Mr. GARDINER: We have the cattle in the pastures checked for T.B.

Mr. PERLEY: Has it been found that T.B. has developed in any of the pastures? I ask that, because there are large numbers of stock in those pastures.

Mr. GARDINER: I have no information of that kind in mind. We will come to another item in a few moments which deals

with the pastures, and I shall give the information the hon. member requires. However, I would remind the committee that when we did market some thousands of cattle in 1937, from all the drought areas of the three western provinces, we tested them and found only a very small percentage of cattle were afflicted with T.B.

Mr. PERLEY: The minister said a moment ago that there were more applications from western Canada for the establishment of restricted areas than from other parts of Canada. Do I understand that to mean that the health of animals is not as good in western Canada as it is in other parts? I have been under the impression that the health of western animals was better than that of those in other parts of Canada.

While I am on my feet I should like to ask another question, one which may have been answered while I was out of the house. When I returned a few moments ago the minister was replying to the hon. member for Haldimand in connection with compensation allowed. Was that question asked?

Mr. GARDINER: Yes.

Mr. PERLEY: Has there been any increase in the allowance? It will be realized that animals are worth much more now.

Mr. GARDINER: No; there has been no increase. I said when answering the hon. member for Haldimand that we had not intended making any increase.

In reply to the first question of the hon. member, may I point out that the first anti-T.B. area was at Carman, Manitoba. The second was just in the bow of the Qu'Appelle river and Long lake. When the late Mr. Motherwell was Minister of Agriculture he introduced the idea. The first one was established at Carman, and the second at the point I have indicated. In other words, one of the reasons why the policy has been accepted to such an extent in that section is that that is where it was first introduced. On the other hand, until more recently Alberta did not come under it. I believe that was owing to a certain extent to the view held by certain ranchers in that area during the earlier period in which this policy operated. Recently, however, Alberta has come in. In fact, that province came in since I became Minister of Agriculture.

So that it is not a matter of where T.B. was most prevalent. As a matter of fact, if it were left to the people themselves I believe the place which would come in last would probably be the place where they had some fear as to the number of cattle which would have to be slaughtered. Generally speaking, however, this is being accepted throughout Canada. I believe the maritime provinces are covered now to a greater extent than any other part of Canada.

Mr. BLACK (Cumberland): What part of Nova Scotia is now in a restricted area? Does it cover the entire province, or just the mainland?

Mr. GARDINER: I think all of Nova Scotia, with the exception of Cape Breton, now is a restricted area.

Mr. HATFIELD: Is there a shortage of veterinaries in the department? In my constituency I find that there is only one veterinary and that he must cover five or six counties outside of the ones I represent. It is almost impossible to get the services of a veterinary to give a certificate, in the event of a farmer wishing to sell some of his stock.

Mr. GARDINER: On account of the scarcity of veterinaries?

Mr. HATFIELD: Yes.

Mr. GARDINER: That is a difficulty right across Canada. I do not know just what can be done to overcome it.

Mr. HATFIELD: Is there any relief in sight?

Mr. GARDINER: I understand another man is being sent there to assist.

Mr. WEIR: A moment ago the minister referred to the first accredited area in Canada. Might I tell him that he could have gone farther and said that the first T.B. area established in the British empire was established in the Carman area, when three municipalities were first brought in under these regulations.

May I say to the hon. member for Acadia who has said that he does not see how these areas are supervised to keep out untested stock from other areas, that a review of the experience in the area in which I have lived since this work was undertaken discloses that strict provision is made against moving live stock which has not been tested into that area. No railway company or licensed trucker will take stock out of a stockyard and bring it into those areas without first advising the officials that it is being brought in. There might have been some transgression in respect of border-line stock sold at auction sales, or cattle running at large. But that is about all; and that is one of the reasons why the

Department of Agriculture has since attempted to establish natural boundaries, so that there might not be this transgression back and forth.

I should like to refer to another matter, which came up in the agriculture committee this morning—Bang's disease. Several representations have been made of recent date to the minister urging that more work be done in connection with this disease which is causing considerable damage to certain herds in the country. It may cause greater loss to the individual than even bovine tuberculosis, and yet no provision is made for compensation. I have in mind two or three herds which, on account of their being afflicted with this disease, have proved almost a complete loss as far as usefulness and production are concerned. This is one branch of animal diseases which I feel should receive additional consideration. Its prevalence seems to be increasing, and something in a national way should be undertaken in an attempt to control it. Who stands the expense of the blood-tests for Bang's disease which must be made of cattle exported to the United States for breeding purposes?

Mr. GARDINER: We bear the cost of inspecting cattle for Bang's which are going to the United States. This disease has been under consideration since long before I came to Ottawa, and it is still under consideration by the department. One of the first delegations I received after I came east was of live stock breeders from the eastern provinces, particularly Ontario, who had strong objections to the restrictions which were being imposed in connection with Bang's disease. The government had been advised to brand the diseased animal with a large "B", where everyone could see it. This would act as a warning to people that the animal had Bang's disease. As I say, strong objection was taken to this, and we compromised to the extent of branding only with a small "B" in the ear. Anyone could see this if they were looking for it, but it would not stare him in the face when he walked into a stable.

I cite this to indicate the objections that were made; these were similar to those made in the early days in connection with the tests for tuberculosis. A great many people who owned and bred cattle took strong exception to the tuberculosis test at one time, but this has been overcome by the people learning to appreciate what it means. The same thing happened in connection with Bang's; the people would not accept the tests as being final. Some contended that the disease could be cured, and we have been conducting investigations and making surveys with regard to the matter. We keep a check on cattle that are moving. We have to test cattle which enter the United States for breeding purposes, and they are not permitted to enter until a certificate has been issued. I have no doubt that in due course a method of dealing with this disease will be established, somewhat similar to that used in connection with tuberculosis. I doubt very much, however, if we would be able to embark on a policy of that kind during the war period.

Mr. CRUICKSHANK: How many restricted areas are there in British Columbia?

Mr. GARDINER: There is the Fraser river valley and the settled section of Vancouver island.

Mr. CRUICKSHANK: I have heard a little boasting by some hon. members from Manitoba. I want to use this information in connection with the item covering marketing. I take it that British Columbia is the only province where all the fluid milk is obtained from tuberculosis-free districts; is that correct?

Mr. GARDINER: The Fraser river valley provided a natural area for this work, which was carried out in the early days of the policy. The ministers in the early days, whether they belonged to this party or to the party opposite when they were in power, took the view that any area which was naturally bounded by obstructions over which cattle would not readily go should be completely tested as soon as possible. The Fraser river valley proved an ideal place for that to be done, and it was done.

Mr. CRUICKSHANK: I am not quarrelling with that; I am entirely in favour of it. However, for the purposes of item 22 I wanted to know whether British Columbia was the only province in which all fluid milk was supplied from T.B. free areas. That is my information and I should like to know if it is correct.

Mr. GARDINER: New Brunswick is entirely covered by anti-tuberculosis areas; Nova Scotia is except Cape Breton, and Prince Edward Island has also been tested.

Mr. CRUICKSHANK: Nova Scotia, New Brunswick, Prince Edward Island and British Columbia; the four neglected parts of Canada are the four that are entirely covered.

Mr. PERLEY: Is not a system of pasteurization just as good?

Mr. SENN: Some time ago, I believe a year or two, the minister stated that vaccine for the treatment of Bang's disease could not be imported from the United States or from any other place. Has any change been made in that regulation? Has the test for Bang's disease been found to be accurate? I understand

that the United States will accept a certificate of cleanliness when the cattle are being shipped, without having a further test made.

Mr. GARDINER: My information is that the test has been found to be trustworthy and accurate. Most of the states in the United States accept a certificate from our veterinarians that cattle have been tested and found free of Bang's. A vaccine was used some time ago in some of the states which was believed to provide a cure. However, we were a little loath to admit it into Canada until we were fairly sure that it would have successful results. The vaccine is now being admitted into Canada. I understand that the calves are inoculated with the vaccine at an early age and are rendered immune from the disease. A sufficiently long time has gone by and a sufficient number have been treated to satisfy the department that there is a real advantage in using the vaccine.

Mr. McCANN: I would point out to the minister that there is a close relationship between diseases of animals and some that are transmitted from animals to human beings. The treatment of Bang's disease, for example, has been discussed here this afternoon. Bang's disease transmits to human beings what is known as undulant fever, for which no successful treatment has yet been discovered. Almost invariably that disease in human beings has a fatal termination. So that I would urge upon the minister that every possible avenue be explored for the eradication of Bang's disease and that animals having the disease be treated or slaughtered, for the protection of human life.

With reference to those animals which are treated for tuberculosis, the Department of Agriculture, in its health of animals branch, does not in my opinion go far enough. It should promote the pasteurization of milk throughout the whole country, even if it is necessary to subsidize certain provinces. The results of pasteurization in those provinces where it is in effect, particularly in Ontario, have been outstanding, especially with reference to bovine tuberculosis and milk-borne diseases transmitted to human beings such as typhoid and typhus fevers. I suggest to the minister that in view of this knowledge the department is not going far enough, and that it should encourage pasteurization in all the provinces, even going to the extent of subsidizing those provinces which are not in a position to carry it into effect.

I wish to say a word in reference to an epidemic that occurred two or three years ago among horses, particularly in Manitoba. There was an epidemic there of encephalitis and poliomyelitis. These diseases were transmitted from horses to human beings. That was clearly established by investigations made by the department of health of Manitoba, with the valuable assistance of the Rockefeller Institute of New York. It was shown that there was a direct relationship between the disease which affected horses in certain areas of that province and the disease transferred to human beings. Are investigations being conducted with a view to eradicating these diseases and to develop other preventive measures for the protection of the health of human beings from animal diseases?

Mr. GARDINER: The question with regard to Bang's disease is one with which this department is directly concerned. If we were to slaughter animals because they have Bang's disease, in order to prevent not only the spread of the disease among animals but its transmission to human beings, we would, of course, take the same action we have taken in regard to T.B. cattle. But when you go beyond that to the question of pasteurizing milk and that kind of thing, you are dealing with something which comes under the departments of health, federal and provincial. As was just stated by the hon. member, the investigations that were made and the work that was done in Manitoba were done under the department of health. Methods taken to render milk immune from the germs that cause disease in human beings and all diseases of that kind are a matter for the department of health.

Mr. McCANN: Is there any degree of cooperation between the federal department of health and the Department of Agriculture in that matter?

Mr. GARDINER: Yes; there would be in the matter of the destruction of animals and that kind of thing. Our veterinarians are cooperating with the officials in the provinces, health or otherwise, in tracing up any disease in animals which might be transmitted to human beings.

Mr. SENN: There is another contagious disease in animals which is known as shipping fever, the ravages of which in Ontario, and I have no doubt in other parts of the country, are very serious indeed. What action is being taken by the department to combat this disease which causes so much loss to cattle shippers and producers in Ontario?

Mr. GARDINER: Nothing has been done which has so far proved effective. I understand it is a difficult disease to control.

Mr. SENN: It is.

Mr. GARDINER: It is developed to some extent through the conditions under which the animals are shipped. We have not yet found a way of dealing with it successfully.

Mr. CRUICKSHANK: I do not know what the regulations are, but we had a veterinarian in Chilliwack, British Columbia, last year, who was not allowed enough gasoline to go out and treat cattle that were diseased. He said he could not get the gasoline. The farmers asked him what they should do, and the answer was that they should bring their cattle into the veterinarian's office.

Mr. HATFIELD: Is any compensation paid in connection with Bangs disease?

Mr. GARDINER: No, none.

Mr. WRIGHT: Is there any outbreak of encephalitis among horses this year in western Canada?

Mr. GARDINER: No.

Mr. CASTLEDEN: There are ninety-nine inspectors at $1,600. Would the minister give their distribution by provinces?

Mr. GARDINER: There are not enough of them; that is the main point.

Mr. CASTLEDEN: They must be distributed by provinces. Could that information be put on the record?

Mr. GARDINER: They are distributed across the country, but it is difficult to get enough to do the work. Yes; the information can be given.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: The item before the committee is No. 17, compensation for animals slaughtered, $375,468.

Item agreed to.

Production service.

18. Live stock and poultry, $719,992.

Mr. WRIGHT: What is the estimated increase in poultry in Canada this year?

Mr. GERSHAW: While the minister is looking up that information I wish to call the attention of the committee to the fact that a large portion of southern Alberta is again suffering from a severe drought. Not only have growing crops failed to make progress, but even the grass is not growing because of the continued lack of rain. The live stock in that area are suffering very seriously. I realize that with a war on, and with scarcity of material and labour, it is almost impossible to provide water for a large portion of that land, but at the same time the people are faced with great distress, and some temporary measures will need to be taken in order to enable them to keep going and to produce the stock which is so badly required at the present time. There are very few community pastures available there, and yet these people must move the stock to some place where they can secure feed. I urge that something be done by some government very soon to relieve the urgent situation that has developed in the last few weeks.

Mr. GARDINER: First, with regard to the increase in poultry, the figure I have here shows an increase of thirty-eight per cent in the number of chicks produced in 1942 as compared with 1941. Practically everything else in the way of increase depends on that one item.

In reply to what has been said by the hon. member for Medicine Hat, the department has a policy under which that matter is taken care of, provided the province acts in accordance with the plan which is laid out, but that comes under prairie farm rehabilitation. However, the policy in short is this. We agree to put in reserve pastures and community pastures, provided land is made available with which to do it. We have large pastures in Saskatchewan, fifty odd, some taking in 100,000 acres, and reserve pastures on which we do not permit cattle to go until there is a year such as is described now to the south of Medicine Hat. If we had large pastures there, we could of course assist by having the cattle turned into them, but the only other way of dealing with the matter is to have action taken first by the province and representations made to us that some consideration be given.

Mr. CASTLEDEN: Will the minister explain the item of $134,000 in connection with bonuses and premiums? Where is that money spent? Is the grant to fairs being continued this year?

The CHAIRMAN: I would point out to the hon. member that we are on item 18. That question would come under item 20.

Mr. CASTLEDEN: The item before the committee is for live stock and poultry, and in this connection there are bonuses and premiums amounting to $134,000 odd.

Mr. GARDINER: That is for boys' and girls' clubs, stallion clubs, board clubs and others of that type.

Mr. SENN: Is the sire bonus policy being continued, the policy of purchasing sires, or helping farmers who need them?

Mr. GARDINER: Yes. We are continuing the policy as it was.

Mr. SENN: In both cattle and sheep?

Mr. GARDINER: Cattle, sheep and swine.

Item agreed to.

Production service.

19. Plant products—Seeds, feeds, fertilizers, insecticides, and fungicides control, including grant of $18,900 to Canadian Seed Growers Association, $535,785.

Mr. SENN: Will the minister make a statement with regard to the projects in hand for furnishing seed of different kinds, particularly vegetable seeds, and that sort of thing? We have come to the point where we cannot purchase them from Europe. Perhaps he will give a short outline of what is being done in that regard.

Mr. GARDINER: That is really under the war appropriation which we shall come to later on.

Mr. CASTLEDEN: Where is the centre of the Canadian Seed Growers' Association? Is this an annual grant, or must they carry on certain work? If so, what is the nature of that work?

Mr. GARDINER: The centre of operations is here in the department and funds are provided for the work they are required to do.

Mr. CASTLEDEN: There are associations in the provinces?

Mr. GARDINER: Yes.

Mr. CASTLEDEN: Seed growers' associations?

Mr. GARDINER: Yes.

Mr. CASTLEDEN: Is it distributed by provinces?

Mr. GARDINER: It is not spent by provinces. The expenditure is centralized from here.

Mr. HATFIELD: This does not include the subsidy on fertilizers?

Mr. GARDINER: That is under war appropriation.

Mr. SENN: Yes, but I understand that certain subsidies are granted for fertilizers under this item. Would the minister give us an idea of how these are conducted?

Mr. GARDINER: I understand, not under this item. All of our fertilizer subsidies now are paid under the war appropriation. We shall come to that under the other estimates.

Item agreed to.

Production service.

20. Grants to fairs and exhibitions, in the amounts detailed in the estimates, $65,000.

Mr. PERLEY: Are the grants to the larger fairs being continued? Is the Toronto exhibition not closed up? They have taken over the exhibition grounds.

Mr. GARDINER: There are no grants paid at all either to class A or class B fairs, or to any fairs, except the building grants in respect of obligations incurred over the years. In the building programme, certain amounts were undertaken to be paid over a ten or twenty year period, so that we are obligated to pay these instalments as they come due.

Mr. PERLEY: There are no special grants?

Mr. GARDINER: No special grants.

Mr. CARDIFF: There are no grants paid to individual fairs throughout the provinces?

Mr. GARDINER: No; there are none now.

Mr. CRUICKSHANK: I should like to have a few details about the Vancouver fair, in our province, following the reference to the Toronto one. The British Columbia security commission took over at a tremendous figure the industrial fair property which we had. I appreciate the fact that so much money is voted each year to pay for some buildings which have been built. My understanding is, although I may be wrong, that in their generosity the British Columbia security commission are looking after the Vancouver fair property, and I do not see why, if that money is being so paid, it could not be diverted to class B fairs. It does not seem reasonable to me, if we want to maintain our class of agricultural production in so far as live stock is concerned, that class B fairs should have to suffer. The federal government are still making exceptional grants for the buildings. I do not care what anybody says; the grants are for the Vancouver buildings. Tremendous sums were spent in changing the interior of the buildings, tearing out perfectly good construction and reconstructing these buildings for the Japanese. If that can be done, I wish to know why money cannot be provided for class B fairs. As I see it, we are paying the same money twice from the federal treasury in respect of these particular buildings.

Mr. GARDINER: The amounts of money in this item are: For the maritimes, $5,000; Quebec, about $15,000; Royal Winter Fair, $35,000; Vancouver, $10,000. That makes up the $65,000. Those are amounts for buildings. We entered into a contract with the exhibition board of Vancouver to spend a certain amount of money on buildings over a period of years. The amount to be paid is $10,000 a year;

$100,000 is to be paid over ten years, so that $10,000 is to be paid this year. There is not any way that we can get out of that obligation unless we say that we intend to go back on the contract we made. No grants are being paid to any association in British Columbia or anywhere else in Canada at present for the conducting of fairs; we are simply carrying out our obligations under a building contract which was entered into some years ago.

Mr. CRUICKSHANK: I am not suggesting that the government should repudiate responsibility for any payment. What I am suggesting is that if the federal treasury pays a sum far greater than $10,000 a year—

Mr. GARDINER: We do not.

Mr. CRUICKSHANK: I am suggesting that if the federal treasury, not the minister's department, paid a sum far greater than $10,000 toward the building, the reconstructed building, surely some attempt should be made to offset one grant against the other. I should not be talking against a grant for my own province—British Columbia gets far too few grants—but I cannot see why the class B fairs are left out, particularly since in my own province there are only two class B fairs, namely, Chilliwack and Armstrong, and their grants are withheld, while we pay many times more than that under the Department of National Defence for a job to which I particularly object. Money has been squandered in British Columbia in removing perfectly good lumber, for which the taxpayers have to pay, and burning it on the grounds, in the process of converting these buildings into a Japanese mobilization camp.

Mr. GARDINER: There was not much lumber in that building.

Mr. CRUICKSHANK: Which building?

Mr. GARDINER: The building that this $10,000 is paid on.

Mr. CRUICKSHANK: I think the minister knows enough about law to understand that the Vancouver exhibition association is incorporated, and you do not pay that money on any individual building.

Mr. GARDINER: Oh, yes. We undertook to assist in building the last building which was built, some four or five years ago. As my hon. friend knows, it is a fireproof building, constructed largely with cement and steel; and this $10,000 is to pay one-tenth of the cost.

Mr. CRUICKSHANK: I did not say that. What I said, with all due deference to the minister, and I stand corrected if I am wrong, is that I understand that that money is not paid into a separate account of the Vancouver exhibition association, but into the general account. However, if the minister's explanation is correct, I stand corrected.

Item agreed to.

Production service.

21. Grants to agricultural organizations, in the amounts detailed in the estimates, $33,500.

Mr. PERLEY: What agricultural organizations are receiving grants?

Mr. GARDINER: The Canadian council of boys and girls club work, $5,000; advanced registry board, dairy pools, $4,500; live stock records, $18,000; advanced registry board for swine, $8,000.

Mr. SENN: I wish to know something about this boys and girls club work. Most of these boys and girls clubs are provincial in character and, in Ontario at least, receive grants from the provincial governments. Are these clubs and this council affiliated with provincial boys and girls club work, or are they separate entirely and do they take up a different class of work?

Mr. GARDINER: This is a coordinating body which covers all the boys and girls work that is being done throughout Canada. In reading the last item, having to do with advanced registry boards for swine, I should have said that the grant of $8,000 had been reduced to $6,000; it is $2,000 less.

Mr. SENN: Why? I thought they were doing a very important work. They are meeting quite regularly, I know, and if there is one thing more than anything else which I think needs boosting in Canada to-day, it is the quality of our hogs. I do not understand why the amount is reduced.

Mr. GARDINER: A certain feeding policy is carried on, and the amount of money obtained from that source enables us to reduce by $2,000 the amount to be voted this year. The amount spent will be as great.

Item agreed to.

Marketing service.

22. Marketing service administration, $101,314.

Mr. CRUICKSHANK: I should like to ask a few questions under this item, because I am interested in this matter of marketing. I am sorry that *Hansard* does not show some of those who seem particularly anxious to rush through the agriculture estimates; I am sure it would be interesting reading for the farmers of Canada. Surely we can take a little time to discuss our main industry, when we can waste hours and hours and days and

days talking isolationism and every other kind of ism. I was told this would be the proper item under which to bring up questions concerning marketing, and I am interested in how the department arrives at the amounts that are paid as subsidies on various agricultural products, particularly in connection with dairying.

Mr. GARDINER: I am sorry if I misled my hon. friend this afternoon, but all subsidies and payments of that kind come out of the amounts provided under the war appropriation act, and I hope we may get to those quite soon. I have not before me the figures in that connection.

Mr. CRUICKSHANK: I was not going to ask the minister for any particular figures, but perhaps I might have the privilege under this item of saying a word or two in connection with subsidies, if I am in order.

Mr. GARDINER: It would be better under the other item, because this covers general marketing.

Mr. CRUICKSHANK: All right; I will talk about general marketing, and I am sure this will not be out of order. We were told by the minister to-day that in western Canada we could produce enough potatoes for the entire continent, with our climate and the suitability of our soil; I am speaking of western Canada in this case, not of British Columbia. I should like to ask the minister what will be the effect, on the sale of what potatoes we are able to produce, of the reduction of from ten to fifteen per cent in the tariff which was announced to-day and which, incidentally, was not announced in this house but was announced in the newspapers while the house was in session. Later on, I may ask definite questions in regard to subsidies, but surely the sale of dairy products comes under marketing administration. To-day we had a discussion on restricted areas, among other matters. It is my opinion, and I think the opinion of the dairymen of British Columbia, that you cannot possibly sell dairy products in a restricted area at the same prices as in an unrestricted area. Surely that is obvious, from the questions asked this afternoon by the hon. member for Haldimand in regard to the compensation paid when cattle are condemned and destroyed.

I am not particularly interested in the Department of Finance, for the very simple reason that I do not think they know anything at all about agriculture, but I have every confidence that the Department of Agriculture knows something about that subject. Under this item of marketing I think we are entitled to know how it is planned to market our dairy products, at prices which will permit us to continue to produce. This does not mean that I am asking for any definite figures as to the amounts of subsidies, but surely we are entitled to know how the officials of this department arrive at those subsidies. Do they take into consideration the cost of production and then add taxes, wages and other factors entering into it? Surely this department and the branch concerned with marketing must study these matters, and I should like the minister to give me some explanation of how these amounts are arrived at. I am not talking about the actual figures of ten cents a pound on this or four cents a pound on that, set by the wartime prices and trade board. What I am interested in learning is how the Department of Agriculture arrives at the figures in advising those who do fix the subsidies, whether they take into consideration the cost of production, the quality of the product and so on. I should be glad if the minister would give me a little explanation of that matter.

Mr. GARDINER: I have not had time to read the newspapers to-day, and I do not know who made the announcement to which my hon. friend refers. I do not know of any fifteen per cent reduction.

Mr. CRUICKSHANK: I never said anything about a fifteen per cent reduction; I said there had been a reduction in the tariff of from ten to fifteen per cent, according to to-day's *Journal*, on potatoes, cabbages, carrots and so on.

Mr. GARDINER: Of course that does not come under agriculture; it would come under national revenue, or some other department. No announcement has been made by this department in that regard. We are hoping that the potato acreage will be greatly increased. Our information is that it will be up from 505,000 acres to 526,000 acres, and of course as a department we are interested in production. We have attempted to bring about an increase in production. So far as these other matters are concerned, there is only one place where they can be properly discussed. I do not say that the officials of my department do not discuss them, but they come under the war appropriation items which I hope to reach in a short time. All the subsidies, increased prices and assistance of that kind, designed to make it possible for the farmer to continue to produce during war time, are made under the war appropriation, which we shall reach in due course.

Mr. CRUICKSHANK: Am I to understand that when a certain item comes up we shall be permitted to ask how these subsidies are arrived at? I want to repeat that I am not particularly concerned with the individual amounts. I am interested in learning who advises the wartime prices and trade board and how they arrive at their figures.

Mr. GARDINER: If my hon. friend will wait until we reach the proper item we will discuss that. Everything under the wartime prices and trade board comes under the war appropriation. I have before me now the newspaper containing the announcement to which my hon. friend has referred. The article states that an order in council just passed has removed the ten per cent war exchange tax and the three per cent special excise tax, and that as a result fresh fruits and vegetables may cost Canadian housewives from ten to fifteen per cent less. That comes under the Department of Finance, not under this department.

Mr. CRUICKSHANK: That is the minister's explanation, and I am bound to accept it.

Mr. GARDINER: It is not my explanation at all. It is a matter that does not concern this department, and I ask the Chairman to rule this discussion out of order.

Mr. CRUICKSHANK: All right. Am I out of order, Mr. Chairman?

Mr. GRANT: You are always out of order.

Mr. CRUICKSHANK: Never mind anything from little Prince Edward Island; I will abide by what the Chair says.

The CHAIRMAN: The hon. member must realize that he will have ample opportunity to discuss whatever he wishes under the proper item.

Mr. CRUICKSHANK: Then I am out of order?

The CHAIRMAN: Yes, at the present time.

Mr. HATFIELD: About five o'clock this afternoon I received a telephone message from Washington stating that there were 5,000 cars of potatoes on track in Philadelphia, New York and Boston at the close of business today, and asking me if I could open a starch factory in the state of Maine to process these potatoes. This is almost unbelievable, coming only a month after there was a shortage of potatoes all over America; but the potatoes of North Carolina and Virginia, which had a floor of $2.25 a hundred, went below that floor to-day, and these supplies were all turned over to the government, who do not know what to do with them. This amount represents more than a week's supply of potatoes for the country; yet in spite of that situation the wartime prices and trade board takes off the import tax on potatoes coming into Canada, just when the Ontario new crop, the Quebec new crop and the British Columbia new crop are coming on our market. Something should be done about this. More than that, a subsidy is being paid on imported potatoes to-day. I can get those potatoes for fifty cents a bag, delivered in Canada. What is to be done about it? This is a serious situation. These potatoes have to be consumed. They are new potatoes, and there are 5,000 cars on tracks at close of business to-day.

Mr. GARDINER: Again I say that might more properly be discussed when the minister who has charge of the wartime prices and trade board is before the committee. I presume he will be in committee either on Monday or Tuesday. This is not a matter to which I can reply at the present time. I have neither the authority nor the information with which to reply.

Mr. HATFIELD: This is a serious situation, with the new crop in Canada coming on the market.

Mr. GARDINER: But I would say it was a very serious situation just a week or two ago on the part of my hon. friends when we had thirty carloads on this side they wanted to get over to the United States. Those thirty carloads went to the United States. We cannot have these things all one way. If we are to have arrangements to have potatoes go to the United States when we are short in Canada, probably somebody has to do something to get some back here.

Mr. HATFIELD: I am not saying we should not let them come into Canada, but I do not think we should be paying a subsidy when this situation existed.

Mr. CRUICKSHANK: Mr. Chairman, I should like to ask a question about the director of marketing service, who is paid a salary of $8,500. I believe I am in order when I ask a question at this point. What are the duties of that gentleman—if he has anything to do—in connection with advising on subsidies.

Mr. GARDINER: The director of marketing is a member of the wartime prices and trade board, and no doubt he has something to do with advising with regard to these

matters. But if my hon. friend will wait until we reach that item we could discuss it without wasting time and controversy.

Mr. CRUICKSHANK: I resent the minister's suggestion that there would be any waste of time and controversy. I have been trying to get this information for about two weeks from the committee on agriculture. I made the motion originally in that committee, and my motion has not been presented to the house in the report of the committee. Why that was done, I do not know, maybe because it was said by some hon. members that if it were discussed in committee it would prevent discussion in the house. This is the motion passed by the committee on agriculture:

> That its order of reference be enlarged to cover and inquire into dairying, poultry and all other lines of farm produce including live stock and the processing and marketing of all farm products.

I have no objection to the director of marketing service receiving a salary of $8,500, if we have our stuff marketed. But I do wish to know and I have been trying to find out in committee, who advises with respect to subsidies. I am not blaming the Department of Agriculture at all; I just want to know who does this work. I do not wish to be told that someone presumes some other person has something to do with it. If someone else is connected with it, I want to know who it is. I am asking that direct question. Is the director of marketing service consulted by the wartime prices and trade board when they arrive at subsidies on farm products?

Mr. GARDINER: Subsidies put on by the Department of Agriculture are put on by the Department of Agriculture. We have a food board which is responsible for putting on subsidies, and the director of marketing service is a member of that board. We ask the advice of our own officials who are concerned. Subsidies are put on as a result of information gathered right across Canada. However, this matter can be discussed more properly when we are discussing the war appropriation estimates.

Mr. PERLEY: I find the details of the expenditures for marketing service at page 66 of the estimates. It will be noted that the second item, namely that for agricultural commissioner, carries no amount. Would the minister explain that omission? Then, the amount for temporary assistance was considerably increased. Perhaps he would give us some information with respect to that.

Would the minister inform the committee what cooperation there is, if indeed there is in his opinion proper cooperation, between the Department of Trade and Commerce and the Department of Agriculture in the marketing of agricultural products? I think we are all agreed that this item having to do with marketing service is one of the most important in the estimates. When we look over the headings under this item we see that most of these expenditures pertain to domestic marketing. I believe all are agreed that every possible service coming within the power of the minister should be employed in marketing our agricultural products abroad, particularly with a view to what may take place in the period of reconstruction following the war. What cooperation is there between these two departments in marketing our agricultural products?

Mr. GARDINER: Members of the committee will recall that about two years ago Doctor Allan, who was our agricultural commissioner, lost his life crossing from this country to Great Britain. The ship on which he was travelling was sunk. Last year there was no amount for the agricultural commissioner item. We now have appointed Mr. Robertson, who went to Great Britain recently. He has taken the position of agricultural commissioner.

Then, there are statutory increases and cost-of-living bonus to account for the increased amount for temporary assistance.

Mr. CASTLEDEN: What are the wartime functions of this service? It will be realized that we are somewhat restricted in our marketing. This must be purely a matter of administration. What function does this group perform in war time?

Mr. GARDINER: The item of marketing covers the economic branch, for example, which has been in existence for some years, and which makes all inquiries in connection with costs of operations of farms in districts throughout Canada. It also compiles much of the data with regard to the costs we have to make use of when making decisions in the department.

In connection with dairy products and marketing of dairy products there are the activities in connection with grading of butter, cheese and everything of that kind which must be continued in war time just as it is in peace time. Of course there is a greater production of those commodities in war time than in peace time. Then, with respect to the subsidy on cold storage I would say that we require more cold storage on account of

increased production of pork products, and increases in the production of cheese, butter and fruit. The whole farm production requires more cold storage than ever, so that that activity is greater than it was before.

With regard to fruit, vegetables, maple products and honey, including a grant of $5,000 to the Canadian Horticultural Council, I would point out that that item is one which must be carried on just the same in war time as it is in peace time.

In connection with the marketing of live stock and live stock products, again we must consider grading of hogs, and all matters of that nature.

Coming to the marketing of agricultural products, including temporary appointments that may be required to be made, I would say that that is an amount voted from year to year, and one which is spent in our general publicity on activities in connection with marketing generally.

Mr. CASTLEDEN: I notice that an agricultural economist is provided for in this vote. Has he arrived at a margin of cost in producing a bushel of wheat at a parity price?

Mr. GARDINER: That would depend upon whose farm it was on. Could the hon. member designate the farm?

Mr. CASTLEDEN: Could they not give it for an average farm? With all this advice available, I think something should be done toward finding out—the farmers of western Canada have not been able to market their crops; their wheat bins are filled with about a billion bushels more than they had last winter—if it might not be good economy to give these farmers a little advance or loan on what they are holding. Last year in the United States they paid an advance of $1.14 a bushel, and this year they are going to pay $1.22. Compare that with what farmers are getting out in the west. It seems to me that this staff of economists are scarcely earning their money. This marketing service requires a vote of $1,834,000, and there are one or two things the farmers in the west would like to know.

Mr. PERLEY: Would the minister mind answering my question as to the cooperation that exists between the Department of Trade and Commerce and the Department of Agriculture in connection with securing markets abroad for our products?

Mr. GARDINER: As my hon. friend well knows, at the present time there is very little opportunity to market any commodities in the countries with which we usually traded. The agreements that are made with Great Britain for stated amounts of farm products are made by the Department of Agriculture with the British government through the food ministry. It is impossible for the Department of Trade and Commerce to carry on any activities on the continent, so that there is no necessity for cooperation in that direction between the two departments. The Minister of Trade and Commerce has visited most of the countries in South America, and we have trade representatives in most of those countries. Those trade representatives do everything possible to assist in the marketing of any farm products that can be exported there.

Mr. PERLEY: Recently a food conference was held at Hot Springs, Virginia. When may we expect to have a report of what took place there?

Mr. GARDINER: That would be under external affairs. The Prime Minister has made a general report and has said that he will be prepared to say more when his estimates are brought down.

Mr. GRAYDON: Can the minister give us some idea whether the quality of our bacon being exported to Great Britain is being kept up to the standards which prevailed in prewar days and in the early period of the war? I realize, of course, that this may not be the time to be considering this particular matter, but I imagine that the question of maintaining our standards in the post-war period is under advisement by the minister. When the war draws to a close the Canadian farmer will be seeking to maintain his position in the British market, and the quality of our bacon which has been on the breakfast tables of Great Britain will be a factor which should not be lost sight of. I would condition my remarks upon this one consideration: this is not the main thing in which Canada and Britain are interested at the moment; at best it can only be a collateral consideration. We must see that the people in Britain are fed, and the question of whether our market after the war will be maintained is a second or tertiary consideration.

Mr. GARDINER: The question of hog grading would be a proper matter to discuss at this time. The agreements will come up later. There has been a tendency to lower the standard of the bacon going to Britain. We have been increasing the weights in an attempt to get more bacon, and the packing plants find it difficult to get the practised cutters they require to handle the amount of bacon which is passing through. We have had two suggestions made to us: first, that as soon as possible we should get down to lower

weights and, second, that bacon should be sent over better trimmed and with fewer slashes. These things would tend to improve the quality.

Mr. GRAYDON: Generally speaking, our grades are not quite as high as they were?

Mr. GARDINER: Generally speaking, they would not be high enough to compete with the bacon Denmark was sending over before the war.

Mr. GRAYDON: Our first consideration must be getting foodstuffs across.

Mr. SENN: I should like to say something on this matter, but I will reserve my remarks about the return of the British market until the war appropriation measure is before the committee. In 1938 a cooperative marketing act was passed, and I understand that some agreements were made under its provisions. How many cooperative organizations took advantage of this act.

Mr. GARDINER: I think the number of agreements we had at the beginning of the war was somewhere around twenty, but the fact that we have so many controls makes it difficult for some of them to operate. Of all those that have operated since the act was brought in, there has not been a loss to be assumed by the government. As the hon. member for Haldimand knows, under the act an advance is made in order that all the product that they have may be sold over a certain period. Final payment is made later on when the full returns come into the company. Our guarantees have been in the neighbourhood of sixty per cent of the market price of the commodity for the preceding three years.

Mr. SENN: That is the provision of the act.

Mr. GARDINER: Yes; we made it possible for them to finance at the bank and we guarantee the account. The result has been that we have taken no losses. The companies have come along in due course and asked for the permission of the government to pay out whatever additional moneys they have, and they have been paying out regularly. We have a number of companies that are still functioning.

Mr. SENN: Companies or cooperative societies?

Mr. GARDINER: They are cooperative associations. There is the Growers' Cooperative Association of Prince Albert, Saskatchewan, a registered seed organization; the Manitoba Cooperative Honey Producers Limited, of Winnipeg, Manitoba; the Western Canada Fur Pool Limited, of Winnipeg, Manitoba; the Ontario Fur Farmers Cooperative, Limited, of Toronto; the British Columbia Mink Breeders' Association, and the Quebec Fur Breeders' Cooperative Limited, of Quebec. The first one having to do with seed is what is generally known as the Alfalfa Association. Those are the ones operating at present.

Mr. SENN: Just five of them?

Mr. GARDINER: Six.

Mr. PERLEY: I refer the minister to page 119 of the last report of the Department of Agriculture, where I find this:

> Six agreements were approved by the governor in council under the Agricultural Products Cooperative Marketing Act, 1939, as amended, during the fiscal year ended March 31, 1942. No products were marketed under one of these agreements.

Which agreement would that be?

Mr. GARDINER: One of the fur agreements. It is the company with head office at Winnipeg.

Mr. DECHENE: I do not wish to delay the passage of this item, but I should like to bring before the committee a matter which can be discussed on this item, or perhaps on a subsequent item. I wish to bring to the attention of the committee, the minister and the government information I have recently received from my part of the country indicating the state of mind of our farmers relating to marketing which I believe should receive our attention now instead of waiting to deal with it until after the war.

I agree with the leader of the opposition that our main objective is to supply food for our armed forces and for our allies. Hon. members will note, first, that the province of Alberta is now leading all Canada in the production of hogs, having passed the province of Ontario. Saskatchewan and Manitoba are also making tremendous strides in the production of hogs and cattle.

Those who have lived for many years in the west remember well what happened after the last war. I am sorry to have to go back so far to make my point, but it will be remembered that in 1919, the year following the end of the war, we had out west one of the hardest, longest and most costly winters we ever had, not even barring last winter, and that was particularly true of the northern parts of Saskatchewan and Alberta. It will also be remembered that at that time prices of hogs and cattle, in common with prices for everything else during the last war, were inflated, as

well as the prices of everything the farmers had to buy. An ordinary steer in the fall of 1919 would bring as high as $125.

That year, 1919, the winter set in early in the fall. I am mentioning this to show what the farmers have in mind, and I want to take back with me from this parliament and this government the assurance that the conditons which obtained at that time shall not be allowed to return. Winter set in on the 9th of October. It was twenty-five degrees below zero on the 10th of October. The weather broke a little in December, but snow remained on the ground until the latter part of April. If I remind the committee of the severity of that winter, it is to bring out the point that the cost of carrying our stock that winter was very great. I remember hay and fodder selling for as high as $75 a ton. The farmers in my part of the country drove from 75 to 150 miles to haul in poor feed at terrific prices; but in spite of all their efforts, by the time February came, the municipalities and the government had to come to their assistance. The provincial government backed the notes of the municipal districts; the municipal districts accepted the notes of the farmers, and feed was obtained, but the result was that owners of stock went heavily in debt.

When the summer of 1920 came, that stock which could have been sold in the fall of 1919 for as high as $175 a head for a beef cattle and $140 for an ordinary steer, hogs for $17 a hundred pounds, with other prices in comparison, had to be sold for almost nothing. The market broke; the bottom dropped out of the market, and many of these steers and this stock which would have brought good prices in the previous fall died or had to be shot. It was a lamentable situation for which I blame no one, but I want hon. gentlemen to bear it in mind so that they will understand what is in the farmer's mind as to conditions that may obtain after this war unless something is done to prevent this. At that time cows went for $30 and hogs for $2.50 a hundred pounds. It was the most terrific crash in the west, not even barring that in 1931 and 1932. That is when most of our farmers went broke, through no fault of their own. They were not to blame for it, but somebody was to blame. The governments of this country and of the rest of the world were to blame for not being prepared to absorb the deflation which they must have known was bound to come after prices had risen so high. That is what I wish to bring before the committee.

I do not often speak in this house, and on this occasion I want to pay a tribute to one whom I consider to be the best Minister of Agriculture this country has ever had. We have had first-class men as ministers of agriculture, but I think our own "Jimmie Gardiner", as we call him in the west, is the best of them all. From his knowledge of agriculture, his knowledge of the soil and of marketing conditions, his courage and ability, we are fortunate that in this crisis we have a man of his courage and ability to take charge of this great department. Those of us who have attended the sittings of the agriculture committee have come to realize his great ability, and the efficiency of the men with whom he has surrounded himself. Some of them were perhaps in the department before he was; I do not know; but one thing I will vouch for is that in every branch of his department, poultry, live stock, seed, farm administration, every official of the Department of Agriculture who appeared before us was competent in his field, and we heard and learned much. I wish to compliment these men upon the magnificent work they are doing. Canada is being extremely well served by the officials of the Department of Agriculture during this war.

What will be the situation after the war? I for one feel there is no danger. But the farmers are not satisfied with a letter from me or from anyone else. The French say "chat échaudé craint l'eau froide,"—"the scalded cat is afraid of cold water". The terrific beating we took after the last war will never be forgotten by the present generation, and it is of no use telling the farmers that to-day we have very able men in charge of public affairs, men such as Churchill and Roosevelt, who framed the Atlantic charter to provide that there shall be freedom of marketing in this world after the war. The men we have in Canada, our Prime Minister, our Minister of Agriculture, and other ministers, are to me a guarantee that the condition that obtained after the last war will not obtain at the conclusion of the present hostilities. Unfortunately, however, we shall have to give the farmers some greater assurance than that. Recently I wrote a letter to the people in my constituency of Athabaska drawing their attention to the meeting that had been held at Hot Springs in which forty-four nations took part, along the lines of the Atlantic charter, for exactly the purpose that I have mentioned, namely, that provision will be made for the flow of goods after the war, for the distribution of foodstuffs, so that where there is a surplus in any country it will find its way to some other country that is in need of such goods. I hope it will be possible for the minister to arrange for a longer contract for hogs with

Great Britain. Whether it is possible I do not know, but I wish it could be extended for three years at least, because I think we should be in a position to assure our farmers and live stock men that there will be stability for that length of time.

I would remind the committee that to-day the west is the greatest producer of live stock, not barring Ontario, which for many years was the banner province in this line. I repeat, that some assurance will have to be given our farmers, if we cannot make a long-term contract for bacon, for instance, that they will be allowed gradually to cut down on their vast production, so that, if we are overproducing, the shock of that overproduction will be absorbed gradually from year to year.

Let me remind the business men in this house who are personally not interested in agriculture, as I am, and as so many other hon. members here are, that there is a tremendous investment in live stock in Canada. An hon. member from one of our cities was in conversation with me the other day on this matter, and he remarked to me that anyone can look after hogs. I was telling him of the shortage in help for looking after hogs and cattle in Canada, and that was the remark he made. What a mistaken idea! To-day, in order to raise hogs successfully, the kind of hogs which we want to sell to Britain, it takes first-class ability. If I may use the term, it is a profession. It is not something that is merely haphazard. It does not consist in taking a swillpail and throwing it at the hogs. Not at all; the work of feeding live stock and hogs is a matter for experts, and it entails a vast amount of labour. Therefore I appeal to the house and the country to do whatever is necessary to help our farmers before the war is over. The war may end suddenly, and the farmers are afraid of the consequences.

Mr. JOHNSTON (Bow River): Did the hon. member say the farmers were afraid the war would end suddenly?

Mr. DECHENE: I said, of the conditions that may result after the war is over. I have a great deal of admiration for my hon. friends over there, the friends of the poor man, at least to hear them talk. But any time anybody rises to make an appeal for these very people whom they are supposed to represent, or to propound some theory which will give them some relief, these hon. gentlemen laugh. They laugh as long as you do not propose some crack-pot theory for the farmers of Alberta, Saskatchewan or Manitoba, whereby people are supposed to live for nothing, to get something out of the air, or some kind of policy which will permit them to keep on howling without working. They howl at Ontario and Quebec; they howl at everyone; they laugh when someone propounds something that is in the interests of the farming community of the west.

However, to come back to what I was saying, the farmers believe that the war may end suddenly, and if the war does end suddenly they are afraid that their markets will be gone. A survey recently taken by a farming association in the northern part of Alberta brought surprising results. Seven farmers out of ten expressed the view that if the war were to end suddenly, or to end sooner than we anticipate, or whenever it does end, they will go out of the hog or cattle business immediately. That is a mistaken idea. I realize that we must do something to prevent that. As has been explained, we have recaptured the British market. We have supplied them with the goods which they require during the war, and so we have taken back the market which we lost after the last war on account of the quality of the goods which this country allowed to be shipped to that market. It took us twenty years to restore the Englishman's trust in us in that regard. We may have fooled the people there once, but you do not fool them for very long. We fooled them once after the last war, and the government of that day was to blame for allowing to be shipped to the English market bacon of a quality that was not fit for use. As I say, we have won that market back, and we have won it with first-class goods. That is why to-day we have a rigid inspection and are keeping to the grades we have established. This is something that is of interest to those who desire to work for a living and who do not dream of an imaginary world in which everything will come to everybody without doing anything to get it. I am sure that what I am saying will appeal to those who realize that the world will be the sort of world we make by hard labour and strict attention to business.

The farmers are looking to the government for one thing and one thing only, namely, a guarantee that this market will be kept intact for them; and if, as a result of conditions that may obtain in the world, it is necessary for us to reduce our herds of live stock, I trust that this will be done in an orderly manner so as to avoid any market crash, because there are very large investments which the farmers have made in this great business. Remember that Alberta has but a small percentage of the number of farmers in Ontario, and when you come to such a province and have to market more hogs than the great province of Ontario, you will realize the extent of the work which those men have to

do. You will realize that the men and women, the girls and boys are all helping in this business. They are willing to work overtime. They are not afraid of labour. They are satisfied with the price they are getting at present. They understand the conditions, but they want an assurance that their great investment in buildings and herds, in first-class animals, pure-bred stock, shall not be allowed to be destroyed for want of a policy.

I say, therefore, that it may become the duty of this parliament to take action to ensure this. I for one hope and believe that there will be orderly marketing after the war and that Britain, the United States, Canada and Russia and many other countries will enter into agreements for that orderly marketing of our surplus. I have no fears so far as our surplus wheat is concerned, but there may be some months, a season or two, when some disorganization is bound to happen. That being the case, I personally believe that we should have a floor under the price of our stock so that the farmer can carry on, knowing that he will have a fair return, until the four freedoms have been established and world markets have been opened to him, so that he can sell his hogs and other live stock for the things needed at home. It may take a year or two. No one imagines that the affairs of the world will be settled in twenty-four hours after the war. No one imagines that the new order is something in the form of a blueprint to be laid on the table so that one can point to it and say to the people, "There is your road, follow it." Long negotiations may take place, and during that time there will be need of some stability.

I hope that at some time in the next twelve months we shall wake up one fine morning and be called upon to wave our flags to celebrate the victory of the allied nations. When that time arrives, Mr. Chairman, I want to have this matter before the house, so that we shall act all together apart from any party politics, if it is necessary to support our farmers, who have made such sacrifices during this war, working the longest hours of anybody. Next after those men who are flying to-night over Germany and Italy, next to the sacrifices and the hardships endured by those boys and by those who are travelling the ocean to-night looking for the lurking beasts of prey under the waves, and all the others in all the armed forces, the men working harder are the farmers of this country, who, though short of help and in spite of great difficulties, are doing a tremendous job.

[Mr. Dechene.]

I realize that I have taken more of the committee's time than I wanted to, but I am speaking of something which I have much at heart and something which I know appeals to every hon. member, in appealing for this class which is doing so well for us during the war, the farmers, the farmers' boys, the farm women and girls. My remote region of Athabaska looks on the map as though it were outside the dominion. It is a vast riding. But let me tell you this, Mr. Chairman, last year Alberta led the dominion in shipments of hogs, and Athabaska was the second highest district in this respect in the province of Alberta, showing that it is in the lead in the dominion in the production of live stock. It is on behalf of these farmers I make my plea to our farmer Minister of Agriculture, a man whom I know has so deeply at heart the welfare of the people on the farms, whose heart is with the farmers of the west, where his own farm is situated, and where he has lived and worked so long on behalf of the agriculturists. To his department and to this committee I appeal. It may be necessary to place a floor under the price of our live stock, so that our farmers will be assured of a reasonable return and will be able to reduce their herds if this should be necessary, without suffering the terrific losses and hardships of 1919 to 1921.

Item agreed to.

Marketing service.

23. Agricultural economics, $95,758.

Mr. CASTLEDEN: What has been the relative increase or decrease in dairy production or dairy marketing by provinces in the past year?

Mr. GARDINER: I am not sure that I can give the exact figures by provinces all the way through for dairy products. I am informed the question has to do with the next item.

Mr. CASTLEDEN: What about the marketing of dairy herds in the United States?

Mr. GARDINER: I will deal with that as soon as we reach the next item.

Item agreed to.

Marketing service.

24. Dairy products, $379,289.

Mr. GARDINER: As to the question of dairy products, in round figures the May production in the past five years has been:

Year	Pounds
1943	32,000,000
1942	29,000,000
1941	33,000,000
1940	27,000,000
1939	28,000,000

It will be noted that in only one year of the five has the production in May been higher than it was in May of this year.

I will now give the production from January to May inclusive:

Year	Pounds
1943	95,000,000
1942	78,000,000
1941	86,000,000
1940	74,000,000
1939	73,000,000

In other words, the production from January to May has been higher this year than in any other of the five.

As to cheese, these are the figures for May for the past five years:

Year	Pounds
1943	14,312,000
1942	24,000,000
1941	16,000,000
1940	12,000,000
1939	11,000,000

Production from January to May inclusive:

Year	Pounds
1943	26,000,000
1942	52,000,000
1941	24,000,000
1940	24,000,000
1939	18,000,000

It will be noted that there was just one year when the production was greater than this year from the 1st of January down to May.

Mr. CASTLEDEN: A decrease of fifty per cent.

Mr. GARDINER: It is a decrease there; it was double the amount in that period of months last year, namely five months, as compared with five months this year. It must be remembered that we paid a special premium last year on cheese in the winter months in order to get a high production of cheese.

The exports also tell a story. I have not the figures for May, but those for April during the past five years are:

Year	Pounds
1943	6,524,000
1942	2,630,000
1941	991,000
1940	2,293,000
1939	377,000

Exports for four months, January to April inclusive, were:

Year	Pounds
1943	35,500,000
1942	29,800,000
1941	3,459,000
1940	3,315,000
1939	3,491,000

One of the explanations of the very high export this year as compared with any other year is the amount which we carried over out of the big production of last year, so that while our production up to date is down, our exports are up as compared with last year.

That gives the story about as well as I can give it from the figures I have for the whole dominion.

Mr. LOCKHART: Has the minister the comparative butter stocks?

Mr. GARDINER: Yes. But I have yet to give the milk part of the picture. For evaporated whole milk the average April production has been about 16,000,000 pounds for each of the last three years; in 1940 the amount was 12,000,000 pounds; and the year before 9,000,000 pounds, so that there has been an increase there, too.

As of the first of June butter stocks, excluding stocks in transit, have been as follows:

Year	Pounds
1943	18,591,000
1942	10,036,000
1941	18,515,000
1940	14,819,000
1939	14,274,000

The amount this year is the highest of the five years.

I come now to cheese in storage as of the same date.

Year	Pounds
1943	24,500,000
1942	44,600,000
1941	24,000,000
1940	22,000,000
1939	27,000,000

In two years during that period the storage was higher than this year.

Mr. CASTLEDEN: Could we have a general statement as to dairy production in the western provinces to-day as compared with other provinces?

Mr. GARDINER: It is a little difficult to make the comparisons of some of these. Some estimating has to be done, because deliveries are not always where the commodity is produced. Perhaps I had better give these figures as to the production of creamery butter in two tables, so that they may be compared:

	1941	1942
	Pounds	Pounds
Prince Edward Island	2,644,674	3,523,256
Nova Scotia	6,540,837	6,668,813
New Brunswick	4,542,039	4,983,838
Quebec	76,266,197	72,979,679
Ontario	86,242,850	80,867,002
Manitoba	31,106,320	31,643,596
Saskatchewan	37,126,694	41,306,186
Alberta	35,316,143	36,985,909
British Columbia	6,062,442	5,346,543
	285,848,196	284,304,822

Production this year is up all along the line, and has increased particularly in the western provinces.

Mr. SENN: It is difficult to know just what questions to ask under this item, because the dairy products board, which comes under the war appropriation, also has something to do with dairying in a general way.

Mr. GARDINER: If it would suit the convenience of the committee, I think it would help if we would just pass these items and discuss the whole matter under the other items, because they do permit of very full discussion.

Mr. SENN: I am prepared to do that.

Mr. CRUICKSHANK: I do not know whether the minister has the information available, but my understanding is that Fraser Valley is a deficiency area in regard to milk. Is that the case?

Mr. GARDINER: Taking in the city of Vancouver it is a deficiency area in dairy products.

Item agreed to.

Marketing service.

25. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates, $148,098.

Mr. KNOWLES: Perhaps the minister would turn with me to page 68 of the estimates, where the details of this item are given. I have before me a copy of sessional paper No. 231D, brought down on May 13 which, among other things, lists contracts signed under the Cold Storage Act during certain indicated periods, and there is the explanation given that these subsidies are paid to cold storage companies on a definite basis. The amount of the subsidy is not to exceed thirty per cent of the amount expended and approved in the construction and equipment of warehouses. That subsidy is payable in the following manner: fifteen per cent at the end of the year in which the warehouse is constructed; seven per cent at the end of the next year; four per cent at the end of the next year, and two per cent at the end of each of the two succeeding years. Just to take a case in point, in order to indicate what I am driving at, in this return I find that the Winnipeg Cold Storage Company is to receive a total of $171,334.66. If that is the total of the thirty per cent this company is to receive, then fifteen per cent would be $85,667.33. At page 68 of the estimates there are two amounts shown as being due the Winnipeg Cold Storage Company, and taking them together they make up the amount I have just mentioned, $85,667.33. If we go back to the basis of this payment, which is to be fifteen per cent in one year, seven per cent the next year and so on, according to the details at page 68, this firm, and a number of others, received the same amount in the year 1942-43 as they are to receive in the year 1943-44. That would look as though the total is to be paid in two years, whereas the Cold Storage Act provides that it shall take five years. Could the minister explain the apparent discrepancy?

Mr. GARDINER: The only explanation is that the money was not paid last year; that it was voted, but they had not completed the work and therefore it was not paid. The first payment amounts to fifteen per cent of the total cost, or fifty per cent of the amount we agreed to pay, and of course that payment is not made twice in two years. The payment is carried over, and that is obviously the situation here because this is almost exactly the amount shown below as not being spent last year.

Mr. KNOWLES: There are quite a number of others in the same list. It will be noted that the same figures appear in both columns, but the minister says the explanation is the same all the way through, as I understand it.

Mr. GARDINER: The hon. member will note that the fifth item from the top is only one-half as much this year as it was last year. Where the figures are the same, as in the case of Trenton, the same condition prevailed; we voted the money, but it was not spent. In the case of Trenton, their plan was passed some years ago, but they were in to see me just within the last two weeks talking about it again. Their plan was passed; we agreed to it, but they have not gone on with the work and we have not paid the money.

Mr. KNOWLES: No payment is made until the building is actually constructed?

Mr. GARDINER: That is right.

Mr. KNOWLES: Who uses these plants? Does the government store any goods in these cold storage warehouses?

Mr. GARDINER: No; they are public warehouses. One of the conditions under which we make the grant is that the plant must be open to the public, no matter who owns it, whether it is a cooperative or an individual. It must be open to the public, and the rates charged must be satisfactory to the department.

Mr. KNOWLES: Does the department set the rates?

Mr. GARDINER: No; but we review them and see that they are satisfactory.

Mr. SENN: Would the minister state whether the subsidies under the cheese improvement acts come under this vote?

Mr. GARDINER: No; they come under the special items.

Mr. KNOWLES: Could the minister give any indication as to what profits are made by these companies? The point is that if the government pays thirty per cent of the cost of constructing these warehouses, the community as a whole has quite an interest in them.

Mr. GARDINER: The cold storage business is rather changeable and difficult in some ways. I would say that in all probability at the present time most of them are paying, because so many farm products are being moved which must be kept in cold storage. There are times, however, when they have losses, for the reason that there is not much produce moving. For example, let us take a plant put up to store fruit in cold storage. You may have a good year when everyone has fruit to store, and the plant will do very well. But in a year when the crop is poor, the plant is likely to lose money. I would not be in a position to say that the reason why some of these companies which have not spent their amount have not, in fact, spent it, is that they were not able to get sufficient money by any other means to go ahead and do the work they had intended to do. They have applied to us for thirty per cent. We have examined into the needs, and finally passed upon it, and said that we were prepared to pay it. If they were in a financial position where they could not get the remainder of the fund, it stands in that position until they can.

Mr. KNOWLES: Do all companies which propose to construct plants make application for this subsidy?

Mr. GARDINER: I would not say they all do. But they must make application before they start construction or, under the act, they are not entitled to payment. They make application to us. Our man examines into the whole condition surrounding the application, and if he agrees that the payment will be made they can proceed, with the understanding that they will get the money from the government. But some cold storages are, of course, built where they do not make application.

Mr. FRASER (Peterborough West): I believe the minister received a letter from George Little, under date of September 9, in which he said:

> The farmers around here petitioned to have the much needed storage built and now find it exploited largely by cheese and butter speculators hoping to profiteer by the present war.

I believe the minister has this letter. How does he allot space in a storage warehouse for butter, cheese, apples and commodities of that kind?

The letter continues:

> Not being able to procure storage means ruin to myself and many others. Should not the people's money which built this storage for fruit be demanded back, or cheese and butter be removed at once to provide storage for the fruit growers here?

How is this worked out? Does the minister allot so much space?

Mr. GARDINER: A plant was built at Trenton to accommodate fruit growers in that area, if I am not mistaken—and I am speaking from memory. However, they have always taken in butter and other products. In a year like last year there would not be as many apples in the Trenton district as they usually produce, and I am not sure that there will be this year. But in a season when apples were not filling the storage they would naturally put in butter and cheese. There might come a time like the present when, as the figures show, we have more butter than usual in storage. When the fruit producers come to the season when they want to put in their fruit, they might find a considerable proportion of the plant occupied by butter. That is probably the reason why they have been here discussing with us again the possibility of continuing with their construction. But that becomes a matter of the company, itself, financially. I am sure these companies do try to accommodate the public to the greatest possible extent. Sometimes they might find it difficult to take in a product.

Mr. FRASER (Peterborough West): These subsidies have been going on for some years, have they not?

Mr. GARDINER: I imagine if a subsidy was paid on the plant in the beginning, that it was paid out long ago, because that plant has been up a long time. The application for the present subsidy was made four or five years ago. It has not been spent up to date. One reason is their difficulty in financing the remainder of it.

Mr. FRASER (Peterborough West): Would it not pay the government to help finance it, and to look after these buildings?

Mr. GARDINER: I am afraid we would be building plants all across Canada. The reason for this act in the first place was that we were receiving applications from all parts of Canada to build cold storage accommodation. The government finally determined long before my time, and I believe before the time of most hon. members in the house, to assist in this way anyone who would leave his plant open to the public. Of course they can leave it open only until it is filled. Once it is filled they cannot take in any more. With that understanding, they have gone on with their programme ever since. This government, in turn, has continued the same policy.

Mr. CARDIFF: I see an item of $56,082.68 for one cold storage plant at Winnipeg. Apparently one plant is known as No. 1 and the other as No. 2.

Mr. GARDINER: It is the same thing. They made application on one occasion and intended to increase by a certain amount. Later on, they determined to increase by more, and came back to make that representation before proceeding. Now the two will be amalgamated into one. It is the same warehouse.

Item agreed to.

Marketing service.

26. Fruit, vegetable and maple products and honey, including grant of $5,000 to Canadian Horticultural Council, $521,000.

Mr. CRUICKSHANK: Is this the item under which I may ask my question? If not, then which one? I should like to talk about the contract for dehydrated vegetables.

Mr. GARDINER: That is a war appropriation item, too.

Item agreed to.

Marketing service.

28. Marketing of agricultural products, including temporary appointments that may be required to be made, notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed $13,000, $25,000.

Mr. FRASER (Peterborough West): Does this cover advertising?

Mr. GARDINER: Advertising is only a small part of it. It was a vote of $100,000 before the war, and a substantial part of it was advertising. Now only $4,000 or $5,000 of it is used for that purpose.

Mr. FRASER (Peterborough West): Now that there is a scarcity of canned products, I believe the minister's department should have up-to-date recipes for housewives, and that such recipes should be distributed throughout Canada. I mentioned last night the fact that the government should send out recipes for the preserving of fruit with as little sugar as possible. Housewives will have only a few pounds of sugar for canning purposes this year, and I am afraid a good many families will be pretty thin when spring comes round.

Mr. GARDINER: What the hon. member has suggested is exactly what the department does. We have recipes, and there is a greater demand for them this year than there has ever been. That point was brought to my mind when the committee was discussing sugar last night. One hon. member sent me a slip on which he had written, "Why do you not rise and produce your pamphlet which tells them how to can without sugar." We have a pamphlet which tells how certain vegetables and fruits can be canned satisfactorily without sugar, for a time. We are covering that point, and doing everything we can in that direction.

Mr. FRASER (Peterborough West): The point I make is that the average housewife does not know the department has those recipes.

Mr. GARDINER: It is announced over the radio, and in every weekly newspaper in Canada.

Mr. FRASER (Peterborough West): Many people in Canada never see a newspaper.

Mr. GARDINER: It is broadcast over the radio, too. I do not know what else we can do. We broadcast it by radio from day to day and we put it in every weekly newspaper, telling the people that this can be done. Then, we talk about it when we are out in the country.

Mr. FRASER (Peterborough West): The wartime prices and trade board send out folders and notices to householders. Why could the minister not enclose one of his instruction sheets in those folders?

Mr. GARDINER: I am a little bit afraid I would get into trouble with some of those economic experts who sometimes sit on our doorsteps and try to prevent us from publishing what we are now publishing.

Mr. HATFIELD: Does the department advertise to tell the people not to eat agricultural products such as butter and pork?

Mr. LOCKHART: Is any systematic advertising carried on in connection with frozen fruits and vegetables? There is much of this equipment used throughout the country and many people are asking for information about it. All I could get was a small pamphlet.

Mr. GARDINER: We have not been putting out information with regard to that, one reason being that it is quite an expensive piece of equipment. I presume that those who make this equipment are advertising it and having it used as much as possible.

Item agreed to.

Special.

29. Prairie Farm Rehabilitation Act and water storage, $2,000,000.

Mrs. NIELSEN: Is there any possibility of extending the areas which come under this act? While listening to the marvellous presentation made by Mr. George Spence before the committee on reconstruction, it occurred to me that there are other areas which might well be included in those covered by the Prairie Farm Rehabilitation Act. I am thinking particularly of the northern part of Saskatchewan. I realize that at present the act covers only prairie country and was originally intended to look after the moving of people from drouth areas. The northern bush country of Saskatchewan has suffered from drouth to some degree, and a number of settlers there were apparently hurriedly settled, in some instances on land which it is doubtful they will ever be able to make pay. The country is quite swampy, and I was wondering if many of these people could not be moved to other areas where better farming land would be available. At the present time it is impossible for these people to obtain any benefits under this act, because the northern line ends just at North Battleford. The government might also consider the possibility of carrying out a project on some of the lakes and rivers, such as the Battle river, similar to what was done in northern Manitoba. In that province large areas were flooded and the raising of muskrats was encouraged. This enabled the people to get a better living.

Mr. GARDINER: I understand that last week the committee on rehabilitation agreed to recommend to the house that the Prairie Farm Rehabilitation Act be applied to all Canada. Being somewhat of an enthusiast about rehabilitation work, I should like to see that done, but I do not know that it would be possible to carry it out at the preseut stage of the war. I would hope that some day the benefits which have been given to parts of three provinces might be passed on to other people in Canada. One argument for the delaying of this action is the fact that many of our men will be coming back from overseas, and much of the work which would have to be done under legislation of this kind could be done then to good advantage. It would provide employment for men, particularly those who have been associated with engineering and other activities of that kind that go with war.

On the other hand, in Saskatchewan—it goes under another name in Alberta and also in New Brunswick—we have the northern areas plan which the hon. member for North Battleford will be quite familiar with. This plan has to do with persons who were rather hurriedly moved from the drouth areas into the northern district. Some of them were placed on bush land which cost $40 an acre to clear. Under this plan assistance was given in clearing up the land. The province of Quebec carries out a plan without any assistance from the dominion government, under which plan the same work is carried on and has been for some years. When settlers are moved into newer areas the province provides equipment similar to that used on the Alaska highway, but not quite so heavy, to clear the land and level it off so that the settler may have something to start with. This work is most beneficial and helpful to people who live in areas of that kind. It has been carried on for several years in Saskatchewan. My understanding is that most of the people who were on relief at the time the plan was started are now able to carry on for themselves. The plan is still being carried on by the province without any assistance, but to a 'esser extent than it was earlier.

The way we have worked under this act is to define roughly the drouth areas. We found by experience that there was only one practical way to do this, namely, to take the river basins. We have not been able to stop short of the height of land at the northern side. Recently we drew a line from some place north of Prince Albert along the northern row of sections up to the height of land north of the North Saskatchewan river to the divide where the water goes north or comes south. I do not know whether this went into the hon. member's constituency. We followed the height of land until we reached the Alberta boundary, where we went along the height of land marking the Battle river basin and others southward to the United States boundary. In Manitoba we follow the height of land forming the boundary of the Assiniboine river basin. We follow the height of land right down to north of Winnipeg. All inside that triangle is called the drouth area and is covered by the Prairie Farm Rehabilitation Act. I cannot say at the moment that it will be possible in the immediate future to extend it, but I

should like to see the kind of work being carried on under this act extended right across Canada.

Mr. HENDERSON: After chatting with some of the officials I was hoping that we might see a little increase in this vote this year, but I suppose we should be grateful that we are getting enough to carry on during war time. I would be ready to support such an increase in order to permit the construction under the Prairie Farm Rehabilitation Act of some badly needed pastures and stock-watering projects in our part of the country. This would permit the increased stock raising required in connection with our war effort.

When speaking in this chamber on another occasion I mentioned the benefits to Canada as a whole, and more especially to the west, which had been obtained from this act which was passed by the Bennett administration and greatly extended by the present government under the able administration of the Minister of Agriculture. When the Hon. George Spence appeared before the reconstruction committee and said what had been accomplished up to date at that time and could further be done, it was considered to be the most constructive paper given before the sittings of that good committee. He said that of the 3,000,000 acres of poor land broken during the first world war which should not have been broken, one and a quarter million acres are now included in sixty-seven community pastures, which during last season had taken care of over 65,000 head of stock. These pastures are not yet up to capacity. They are managed locally and nearly all are beginning to pay their way. Some have a small sinking fund put away for repairs and rebuilding at a later time.

Plans are also in the hands of the engineers to convert another one and a half million acres into seventy-three more of these pastures which are badly needed. Many head of stock are now turned away since the pastures are getting pretty well filled with stock by farmers adjoining the present pastures. Those from a distance cannot get their stock into these pastures. More than 20,000 small stock-watering projects have been completed, assisted by engineering advice and by payment of part of the cost under the Prairie Farm Rehabilitation Act, and there are many more applications for such funds.

Many of these dug-outs have been so constructed as to irrigate gardens during the dry season. I may say that the Prairie Farm Rehabilitation Act has assisted with several small irrigation projects where fruit, vegetables and fodder are very successfully grown in dry seasons, and there are more applications for these works which are held up for the duration of the war.

When the war is won, Mr. Chairman, I would be bold enough to suggest that the name of this act be changed to the Canadian Farm Rehabilitation Act, an act to serve all Canada; to assist in the draining of swamp lands in the maritime provinces and rehabilitate Ontario and Quebec farms and the Kamouraska cut-over lands, and rehabilitate burnt-over timber land. I am sure, Mr. Chairman, the people of the west are prepared to cooperate in this and other work of this kind. But to rehabilitate western Canada we must have water, which has been referred to by the Hon. George Spence as "liquid gold on the prairies".

Several years ago we formed in our community the Saskatchewan-Alberta Irrigation Association along the border of the two provinces, and gave a great deal of study to this matter. On one occasion I took a surveyor and engineer, a Mr. Campbell, on an extended trip at our own expense to the eastern irrigation project in Alberta, where we counselled with Mr. Gray, who was the manager, and with his engineers who had made such an outstanding success of their project.

We secured a great deal of valuable information generally and also with regard to the much talked of "William Pearce, North Saskatchewan river stock watering scheme" which, of course, is much different from what we saw at Brooks, for Brooks is strictly an irrigation project. They can and do grow everything and operate a canning factory successfully. A wonderful good-sized town has grown up there and several small industries are flourishing. Some of the people from our part of Saskatchewan have moved in there, made their homes and are doing quite well.

We then proceeded with Mr. Campbell to Stettler to investigate storage possibilities at Buffalo lake and were well satisfied that there were huge storage possibilities both at Buffalo lake and Sullivan lake, at Hanna, Alberta, where 75,000 acres of land could be brought under irrigation. We then followed the natural flow of the water as set out by Mr. William Pearce himself in his papers. That is down Sounding creek, where the early settlers cut wood; thence down Eye Hill creek, entering Saskatchewan at Cosine, which is in the constituency that I have the honour to represent.

Eye Hill creek runs to Manitou lake, near Unity, where more storage could be provided.

Thence, with a little cutting you could bring water into Tramping lake, which is a very large lake, thirty miles in length and spoken of by Mr. Pearce and the P.F.R.A. engineers as having huge storage possibilities which would serve a large area in this district.

The engineers' reports point out that over 100,000 acres in the Kindersley, Glidden to Eston district can be irrigated and that three-quarters of a million acres in the Elrose, Rosetown to Saskatoon district could also be irrigated.

There are over 56,000,000 tons of snow water from mountains, Mr. Chairman, running away into lake Winnipeg and Hudson bay every day over and above what is being used for irrigation and power in Alberta. It would be a huge undertaking; but if these 56,000,000 tons of snow water which run away each day were stored—and there is storage—and then spread over our farms, if only a few acres on each farm, we would be doing more to rehabilitate western Canada than could be done in any other way that has been proposed to date. Instead of losing our people we would be able to make homes for more. While the Prairie Farm Rehabilitation Act has been and is doing good work, I should like to see this work extended and take in the Pearce plan at least. The Pearce plan could be gone ahead with at a reasonable cost of a few million dollars and would provide water for stock watering and for mixed farming. That would call for only a few million dollars to carry the water through the natural channels at a small cost per annum. But for further rehabilitation an expenditure of an additional, say eighty million dollars or, as the hon. member for Davenport (Mr. MacNicol) has suggested, 100 to 150 million dollars would supply water, storage, canals et cetera to irrigate about one and a half million acres and also provide power for secondary industries. We could grow fruits and vegetables, feed and fodder for stock, build homes and keep off relief.

Before closing, I desire to thank the hon. member for Davenport for what he has advocated in this house and on the public platforms in support of this expenditure and great undertaking for western Canada. He has been very fair and, Mr. Chairman, I am sincere when I say that with his knowledge and understanding he should be honoured with the degree of doctor.

I also desire to thank the minister and his P.F.R.A. officials for the information they have furnished to the Saskatchewan-Alberta Irrigation Association before war was declared, at which time we folded up our organization for the duration, our splendid secretary, Mr. Galbraith joined the army. He is now serving his country overseas. But I more especially thank Major Duncan Stewart, K. C. of Calgary, for the assistance he has given me, which includes a letter from the late Senator Burns as well as papers and blueprint plans which belong to the estate of the late William Pearce, lent by Mr. Pearce's son. In his letter Senator Burns refers to himself as a converted old-timer. The letter is written to Colonel J. F. Dennis, formerly of the Canadian Pacific railway land department. I have received a good deal of valuable information from these papers.

Mr. BLACK (Cumberland): This is an appropriation in which the eastern farmers are interested, more particularly those at the head of the bay of Fundy. The special committee on reconstruction and rehabilitation made a recommendation that the Prairie Farm Rehabilitation Act should be enlarged to enable work to be done all over Canada. I believe this recommendation was made with special reference to the marsh lands at the head of the bay of Fundy. The committee took considerable evidence. The Hon. J. A. McDonald, Minister of Agriculture and Marketing of Nova Scotia, came and gave evidence before the committee. The minister of agriculture of New Brunswick was prepared to come and will probably still come. Resolutions have been passed unanimously by the legislatures of Nova Scotia and New Brunswick, by boards of trade and other bodies asking that the federal government assume responsibility for the reclaiming of these marsh lands, so that they will not revert to floating bogs, because the drainage channels become blocked, or inundated by the sea, owing to breakage of dikes and aboideaux.

I know from statements of the minister that he is personally sympathetic with this proposal. I know that his deputy minister, Doctor Barton is sympathetic, and I know that the director of experimental farms, Doctor Archibald, has for years shown his interest. Experiments have been carried on at the experimental station under Mr. Baird at Nappan, at the head of the bay of Fundy, showing the productivity of these lands when properly cultivated. Land that is not drained and cultivated will grow only half a ton of the poorest class of hay, while land of the same character, within 100 feet, can be made to produce hay of the very best quality, yielding from three to four tons per acre.

Recently there has been great interest on the part of the marsh owners, who have appointed

representatives of march bodies, who are prepared to come to Ottawa as a delegation from the head of the bay of Fundy from New Brunswick, from my county, and the county represented by the Minister of Finance. This delegation is waiting for word as to when they may come to Ottawa in order to make representations, so that an appropriation may be made in order that work may be undertaken this year.

It is necessary that the work be commenced now if these lands are to be made available for farmers who come back after the war or are discharged from war industries, because it will take some years before the full benefits are derived.

There has been expended under this act up to 1942, a total of $14,547,875 for prairie farm rehabilitation, and quite an important part of that work is the control of water for the benefit of the farmers of the prairies. All those interested in agriculture in Canada are in sympathy with this. There was appropriated last year $2,000,000, and we are now dealing with a vote of $2,000,000 for the current year. We at the head of the bay of Fundy ask that this apply to our marshlands. I believe that the minister is in sympathy with the proposal, and I would ask that the appropriation be made available this year, or otherwise that an additional appropriation of at least a quarter of a million dollars be provided in order that the work may be started at once.

There are other special appropriations for the west, such as $500,000 under the Prairie Farm Assistance Act, as voted last year; an appropriation of $28,175,000 to provide for wheat acreage reduction payments, and so on. There was also an appropriation last year of $1,950,000 to provide for assistance to encourage the improvement of cheese and cheese factories, and another appropriation of $50,000, totalling last year $32,675,000. Not one dollar of that was expended in eastern Canada. This year the estimates under the same headings total $8,390,000. Not one dollar of last year's vote and not a dollar this year is to be applied under this act to eastern Canada unless the minister adopts the recommendation of the committee and has this act extended or makes a special appropriation in order that work on the marshlands may be undertaken at once.

When the minister sets his heart upon a project such as this in the administration of his department he has usually been successful, and I believe the interest he has shown in previous years, and the interest he has now in this matter, will induce him before the end of the session to arrange for an appropriation in order that work may be undertaken. It is proposed that the work be done mainly by machinery so as to reduce man-power requirements to the minimum. It is necessary that the main river outlets be opened up; that the drainage channels which have filled up with silt and vegetation be cleaned out; that machinery be provided which can be used for opening the smaller drainage ditches, and that the dikes and aboideaux that have gone down or weakened in recent years be restored.

The departments of agriculture in Nova Scotia and New Brunswick are, I believe, prepared to make some contribution toward this work. These marsh lands are the most fertile lands in all Canada. They attracted our early settlers, and if they are not reclaimed, agriculture as we have known it in that part of Canada might as well be abandoned, as the production from these lands is used to build up the fertility of farm uplands which should carry a hundred head of stock where now there is hardly one. One acre of marshland properly cultivated involves the cultivation of five acres of upland. The production of live stock, fat cattle, and dairy products would reestablish agriculture as it was in former years, and, I believe, to an even greater extent.

I am appreciative of the attitude of the Minister of Agriculture in previous years with respect to this proposal. I believe that he is as sympathetic as ever, and it is the opinion of farmers in eastern Canada that, if he is really determined, an appropriation will be made available this year.

I do not wish to take my seat without expressing my appreciation on behalf of eastern Canada and especially on behalf of the marsh owners of the sympathetic consideration which has been given to this proposal by all the members of the committee, including those from western Canada, who have benefited by these large expenditures, by hon. members on the committee from central Canada, and by the hon. member for Kindersley (Mr. Henderson) who preceded me this evening. I make this appeal to the minister, to the government and to the members of this committee that an appropriation be made available this year, so that some work will be undertaken to reclaim these fertile marsh lands at the head of the bay of Fundy.

Mr. GARDINER: Two legislatures, those of New Brunswick and Nova Scotia, passed unanimous resolutions, I understand, asking that something should be done in connection with the marsh lands. I have had communications with both of them, and I understand

they are sending a delegation here, representing both provinces, to discuss the matter with us. I hope that something will come out of the meeting at that time.

Mr. BLACK (Cumberland): Delegates have been appointed. I understand that representatives of the marsh areas of Westmorland and Cumberland, and the Annapolis valley, and perhaps others, are waiting for instructions when they may come.

Mr. GARDINER: Yes. My correspondence was with the two ministers of agriculture of the provinces, and I understand they are to come. As has been said, we have had the matter under consideration for some time, and a certain sum of money has been worked out as the amount which would make possible the carrying through of the scheme, but up to the present that amount of money has not been placed in the estimates, and I am not in a position to say to-night whether it will be in the supplementaries this year or not. But it is still under consideration.

Mr. BLACK (Cumberland): If this act were amended so that it would apply to all of Canada, this appropriation could be apportioned—

Mr. GARDINER: Yes, but I think it would be a simpler matter at present to deal with this project alone rather than take up a larger matter. To do so would, I am afraid, delay rather than help it.

Mr. BLACKMORE: The proposal that the Prairie Farm Rehabilitation Act be changed to constitute it a Canada Farm Rehabilitation Act commends itself to me. I have felt ever since I came to this chamber that Canada must be looked upon as one great united economy. Anything that injures any part of it injures every part, and conversely, anything that helps any part helps all Canada. I believe that a sympathetic ear should be lent to the voice of a representative from any part of this dominion, and I believe that the appropriation for this kind of work should be greatly increased. I have contended that now for some years.

I should like to mention to the minister one project which vitally concerns my particular constituency, the project known as the Lethbridge southeast water conservation project. Members of the committee perhaps will have had it brought to their attention in times past. Down in the southwestern corner of Alberta there are two rivers known as the St. Marys river and the Milk river. Both of these rivers are international; that is, they flow on each side of the border. The waters have been divided between Canada and the United States, but so far Canada has failed to use the portion of water which was allotted to her. It is well that members of the committee should have in mind that it is a well understood principle that in cases like this, where the interests of two nations are concerned, if one nation fails to use to advantage its share of water there is a likelihood that it will lose its right to that water, and the nation which has been using its share to advantage will have a claim on the water which is not being used by the other nation. If this principle were applied in the case to which I refer, Canada would lose very heavily and lose for all time.

The Lethbridge southeast water conservation project has been examined time and again. Recommendations were made as far back as 1921, and before, that something concrete and definite should be done, and done without further delay. But after the last war the whole matter was allowed to rest, because the governments in power said, "We have not the money; we must retrench now and pay for the war." The result was that for a generation this project was allowed to remain neglected. Now if history is to repeat itself we are likely to find a similar thing. It is an easy enough matter for us to rise in our places in this chamber and assert that as soon as this war is over, somehow or another there will be a boundless amount of money, now going to the war, available for use in rehabilitation. Unless the system under which we are working changes, no such thing as that will happen; as soon as the war is over we shall have hon. members rising in this house and contending that we must retrench and tighten our belts and pay for the war. The result will likely be that all of these projects will simply become day-dreams.

I just want to draw the attention of the minister, as emphatically as I can in a short time, the need for looking after the Lethbridge southeast water conservation project. The minister understands this well; he has been over the ground, and I believe he has shown great sympathy in the matter, but is restrained largely by financial consideration from taking action. I have contended privately before the minister and in public that I do not believe financial considerations should be allowed to interefere with the development of this project. Only $15,000,000 are involved, and 345,000 acres of the finest land in the Dominion of Canada would be brought under irrigation as a result of the development of that project.

If the findings of the international food committee mean anything more than the paper they are written on; if they really do mean that we are going to need a lot of food after the war, and we are going to use the food for

the benefit of the people, obviously the food producing areas of this country should be developed to a high degree. There should therefore be no justification for delay in the matter of constructing the key dams and reservoirs of this great project. Four million dollars would be sufficient to build the main reservoir, which is known as the St. Marys reservoir, situated near Spring Coulee on St. Marys river in my constituency. It would take probably two or three years to build that reservoir even if we commenced in 1943. I contend that we should commence in 1943, not just to investigate and look over the ground and dream of what we are going to do, but should do something in 1943.

There is one other aspect of the question which is quite serious and which is becoming more urgent all the time. They are having dry weather in my constituency in southern Alberta and, as the hon. member for Medicine Hat pointed out this evening, they are having dry weather in his constituency as well. When dry weather comes in these constituencies it is an exceedingly serious matter. The present facilities for supplying water to the land now under irrigation in four major irrigation projects in my constituency are not sufficient. The water needed in times of stress, such as we are passing through now, would be available if the St. Mary's reservoir were constructed, and I think it only fair and just to the people in that area that they should be provided with ample water in time of need. This constitutes another very strong reason for proceeding at the earliest possible moment with the construction of reservoirs in connection with this water conservation project.

Mr. PERLEY: This item calls for the expenditure of $2,000,000; this year there is neither an increase or a decrease. Reference has been made to the fact that the government may consider the suggestion made by the reconstruction committee that the provisions of this act be extended to all Canada, and some hon. members have expressed themselves as being favourable to that step. I have been wondering what the minister's idea is in that regard, and if he really means to give that suggestion favourable consideration. Personally I would not be very anxious to see this act extended to the whole of Canada, because I see the possibility that it might become a racket.

When this act was passed in 1934—I believe this is the eighth year it has been in operation —it was intended to assist the farmers in certain areas in western Canada where there had been drouth for four or five years. The situation in certain parts of Saskatchewan was very serious, and this act was intended to rehabilitate those areas. It also outlined certain principles. The act was designed to assist farmers to conserve moisture, to store water and to work out schemes for the better utilization of land. The main purposes for which the act was passed were good. A great deal has been done by the present government, and I give credit to the minister for being most anxious to carry on the projects that were commenced and to support the principles outlined in this measure, but I think in some instances these projects have been developed to a very much greater extent than was ever intended.

Before we are finished with this item I hope the minister will give us a great deal more information with respect to water storage schemes, pastures that have been established and particularly some of the dam projects. To give the committee some idea of what might happen, I asked for a return in February and another in March to show the costs of certain projects being carried on in the Qu'Appelle valley which, I may say, is the boundary between the constituencies of the Minister of Agriculture and myself, so that these projects to which I have reference now might be called our projects. I find that certain surveys have been carried on in that valley during the last two years, on which some fifty-three people have been employed at a cost of something over $50,000. The returns also show that three dams are under construction, to cost approximately $127,000 on completion. But I do not think we are obtaining value for the money being expended on these dams. The one at Round lake flooded certain areas that were used by the Indians for haying purposes, and they have practically lost the entire use of that land. I should like the mnister to tell the committee if those Indans were reimbursed for the damage done and the loss sustained, and what agreement was reached with the Indian affairs branch or the men on the reserve in that connection. I have looked over that situation, and considerable loss has been occasioned.

Perhaps the minister would give a more or less detailed statement in connection with this work, because it is of interest not only to me but to other hon. members from the northern part of Saskatchewan, who know something of what the building of these dams has meant. No doubt the minister has a copy of this return, so that I need not read the questions I asked and the information that was given, but I should like a little further information which he might supply at a later date. I would ask the minister to be good enough to give me the home addresses of the fifty-three men employed in these survey parties.

Mr. GARDINER: That information can be given at a later time. I believe one of the two engineers, Mr. McMillan, came from Manitoba, while I think the other comes from up in the Rosthern country. I imagine my hon. friend will know some of the others, the rodmen and instrument men; they come from different parts of the province, and I imagine some come from Manitoba. I can let the hon. member have this information at the earliest possible date. I refer to the amounts expended on the survey work.

All I wish to say is this, that on the river there are Buffalo lake, Long lake, Echo lake, Katepwa lake, Round lake and Crooked lake strung out along 200 miles, or more than 200 miles of the river basin. Long lake, as is known, is a rather large reservoir seventy miles long and five or six miles wide. During the drouth period the level of the lake went down about six or seven feet. Much of the area at the south end of it was without water at all toward the end of the drouth period. As the hon. member knows, there has been a dam at Silton. I do not know when that dam was built, because it was built before my time. I did operate it when I was minister of highways of Saskatchewan for a time; at least, I had men operate it. But it was built, I believe, originally many years ago by the federal government.

That dam is operated to turn water which comes from the west end of the drainage basin of the Qu'Appelle into Long lake, during the early part of the season; and water runs out of that lake back into the Qu'Appelle at another time in the season. The run-off in the country to the west of Long lake was not sufficient to keep that water up to level during the drouth period. During the last year or so there has had to be some control work done. We have done some work very much in advance of what anyone was doing ten or twenty years ago.

We put in a dam at the end of Buffalo lake. That holds the water back early in the season to prevent the flooding of areas such as the Lumsden area north of Regina. Then it makes possible the irrigating of all the flat land in between Buffalo lake and Long lake. That land has not been irrigated up to the present, but the dam is in there and the water storage is there, and the land can be irrigated in that section of the river basin.

Then there has been a control dam put on the runway into Long lake, in addition to the one at Silton. The water has gone in there and raised the lake this year somewhere between eighteen inches and two feet. That is, it is on its way back to the original level. With another year or two of the kind of weather we have had in the last two years we would expect that that lake would eventually come back to its original level.

That dam is operated to let the water out in the later part of the season, so that it can go down over land which is used as hay land. There is an area of many hundreds of acres which is flooded land, when the water comes over in the spring. Then hay is cut off it later in the season. Below that other lakes lie. The water of those lakes is being controlled now by dams put in at the end of each lake.

As the hon. member for Qu'Appelle knows, there has been for many years a dam at the end of Katepwa lake. But there were not dams; at least I do not think there were dams at the end of either Crooked lake, Round lake or Echo lake. We have placed dams at the end of these lakes to control the water and keep it at a higher level throughout the summer season. That is done to supply water which may be utilized for irrigation purposes and, secondly, to keep the water in a better condition during the summer for fishing and for other purposes.

Down the valley, as I remember the figures —I have not all of them before me—there are somewhere between 30,000 and 40,000 acres which can be irrigated. Whether there is sufficient water to irrigate 30,000 or 40,000 acres, I am not certain.

Mr. PERLEY: That is at the end of the lake?

Mr. GARDINER: At the end of all the lakes. Starting at Buffalo lake, there is some between there and Lumsden. Then, below Lumsden there is some between there and the most westerly of the Qu'Appelle lakes. I do not think there is any between the most westerly lake and Echo lake. There is not much between Echo lake and Katepwa. But there are some lands there that can be irrigated. Then, down below Katepwa lake, between that and Crooked lake, there is land which could be irrigated.

Mr. PERLEY: Not very much.

Mr. GARDINER: Sufficient to provide each farmer along that area with hay land from which he could be a producer of hay. Probably in some places there is much more than would be necessary for the individual farmer who may be there, and it might necessitate the re-dividing of some of the land.

The other surveys which have been made on the streams running into the Qu'Appelle have been for the purpose of determining

whether a storage basin can be found up at the head or along these streams in order that water so stored may be utilized to irrigate lands on lower levels or replenish the waters of the various lakes. Generally speaking, that is the plan and, as has been pointed out, $50,000 has been spent on the laying out of the work which has to do with determining what can be done with the land in that particular area. There have been other sums, such as $20,000 and $40,000, on different dams put in along those areas in order to control the water in the lakes.

In a season like this the water does rise to heights which will cause damage, unless the land around the edge is protected by rip-rapping against wash-outs; and there has been some rip-rapping done on these areas. That, generally speaking, is the nature of the work carried on. I think it is looked upon as something which will assist greatly the people in those areas, if we again have the drouths we had in the past.

Mr. PERLEY: What about the settlement of Indians? I understand that on hay land from which the Indians cut 300 tons of hay last year they cannot cut any this year.

Mr. GARDINER: There were some areas up there last year which, even if we had not done anything, would have been flooded to a greater extent than they had been in many years. The last time I drove through Fort Qu'Appelle the dam was not holding back the water. In the first place there was not anything in the dam to hold back the water. The water was running within three feet from the top of the works. All of this meant that no water backed up behind that. The dam had nothing to do with it. The water was there because this was an exceptionally wet season this year. When the works are completed the land on the reserve to the west may be flooded. I do not know whether that is the reserve the hon. member is speaking about.

Mr. PERLEY: No; it is at Round lake.

Mr. GARDINER: The work at Round lake may have something to do with the flooding there. But there will be land in the reserve to the west of Echo lake which will have to be taken over by rehabilitation from the Indian affairs branch if the works are completed as advised by the engineers. If any lands are flooded and remain flooded as a result of the work which has been put in, arrangement is made either to get an easement in connection with those lands, or to take them over and make them part of the plan.

[Mr. Gardiner.]

Mr. PERLEY: I understand the Indians on the reserve are dissatisfied with the arrangement which has been made. I know the situation well, and I think they have had an unfair and unreasonable deal.

Mr. GARDINER: I will look into it.

The CHAIRMAN: Shall the item carry?

Mr. PERLEY: Oh, no, we want more information. For instance, we have not yet discussed the matter of pastures. A large number of pastures have been established, and a great amount of stock is carried in them.

Before we leave this matter of water, may I refer to an article in a western paper, namely, the Regina *Leader Post,* headed "Water for twenty thousand acres; project will stabilize agriculture". This has reference to the Swift Current project. Would the minister give us a little information respecting the Swift Current project, because the matter is headlined in the *Leader Post* to-day. It states that 20,000 acres of land will be irrigated when the project is completed.

Mr. GARDINER: The Swift Current area extends on the river from south of Swift Current to Swift Current, and then east as far as Rush lake, which is a considerable distance east of Swift Current. In that area there are between 30,000 and 40,000 acres of farm land which can be irrigated, and there will be sufficient water. One of the dams is completed, and holding water now; and the other is partly completed. There will be sufficient water to irrigate that particular land. The section most affected by drouth was in the neighbourhood of Swift Current, and we have carried on irrigation work at that experimental farm for some time. That land can all be irrigated from the two dams.

The main difficulty we have had up to date is that we did not dig a ditch last year to drain Rush lake and keep it drained. There was some water ln it this year as a result of the great fall of water we have had. Last year the whole lake bottom was in crop and we grew a considerable part of the flax, that is, the government grew it, under the Prairie Farm Rehabilitation Act, to supply seed for this year. We grew oats and barley as well and had very good crops. I do not think there is any exaggeration in what the *Leader-Post* says. I read the article. There is a possibility of irrigating 30,000 or 40,000 acres of land. We are not taking over the land; we are merely putting in the ditches and dams and making the water available to irrigate so many acres to each farmer. Each farmer will pay for the water he uses to irrigate his hay land. In the years that lie behind us we have brought hay

from as far east as Three Rivers, Quebec. This happened in 1937, and we now hope to be able to produce the needed hay on this land.

Mr. PERLEY: Were any of the dams washed out this year on account of the extra flow of water?

Mr. GARDINER: There was one at Willows on Lake of the Rivers in Saskatchewan. We have had trouble with this one on two different occasions. I have been down to look at it personally. We may have to abandon it, but we have attempted to store water there. With the amount of water there was in the streams this year we have been surprised that we have not lost more dams.

We have fifty-seven pastures operating and ten under construction. I may say that so far as these pastures go, the treasury is not concerned after they are once constructed. The capital cost is put up by the treasury and that will stand for some twenty years at least. The posts that are used are creosoted and should be good for that length of time. Fees are paid by the farmers who put cattle or horses into the pasture, and these are more than sufficient to pay the cost of operation since there is a surplus of $38,215.01. In this connection, we have three ideas in mind. First, there is the community pasture where the farmers around the pasture are organized. They have their own association which controls the number of cattle that may be put on the pasture by each farmer and also it takes care of the fees. We appoint a manager who becomes a secretary of the association. As I have just pointed out, the fees are more than sufficient to pay the operating costs including the salaries of the managers.

In addition to that, we have the reserve pastures that I spoke of before the dinner hour. These are large areas, some hundred thousand acres in extent. We have fenced them to keep out stock in the good years and they will be available in drouth years. They grew grass as abundantly as before live stock ran over the country at all. Conditions in that section of the province are such that, with water provided, much of the live stock can run out through the winter. Then there is another form of pasture which is associated with an irrigated area. This is a community pasture in which lands are irrigated outside the pasture and produce the fodder and grain for the live stock which runs on the pasture in the summer time. All these have been operating successfully, and I do not think the neighbourhood would like to be without them in the future.

Mr. CASTLEDEN: Could the minister give us a break-down of this $2,000,000?

Mr. GARDINER: The break-down is as follows:

Salaries, including permanent and temporary	$341,802
Wages	336,000
Cost-of-living bonus	86,000
Equipment	110,500
Freight and express	14,000
Miscellaneous	8,700
Printing and stationery	19,486
Supplies and materials	127,256
Telephones, telegrams and postage	11,568
Travel	171,220
Rent	45,350
Buildings and lands	388,025
Financial assistance	339,500

The last item is the assistance given to farmers to dig dug-outs and build small dams.

Item agreed to.

Special.

30. Prairie Farm Assistance Act—administration, $250,000.

Mr. CASTLEDEN: How much was paid out last year, and how much was collected under the one per cent arrangement?

Mr. GARDINER: No money was paid out last year. I have not the figures for this year by itself, but the total levy collected in 1941-42 was $2,500,000. The total amount down to June 30, 1942, was $6,392,000. That is what was collected, and there has been approximately $2,000,000 since then. The total amount paid up to date is about $30,000,000,, and the total amount collected prior to this year was a little over $6,000,000. We have paid out $5 for $1 collected. For the year 1942 there will be none paid out, and we hope to come somewhere in the neighbourhood of $9,000,000, by the time the year's collections are in.

Mr. CASTLEDEN: Is it expected that there will be anything to pay out this year?

Mr. GARDINER: There was nothing paid out last year, and the crop this year looks as though we shall have a repetition of what happened last year.

Mr. CASTLEDEN: There is an area in Alberta where they are not going to get a crop. Does this amount of $500,000 show as not having been paid?

Mr. GARDINER: The amount paid out is not shown here. This $250,000 is administrative costs. We shall have to have a supplementary estimate for the amount that is paid out, if any.

Mr. CASTLEDEN: Was the $500,000 administrative costs?

Mr. GARDINER: Yes; there was a considerable amount paid out last year for the preceding year.

Mr. QUELCH: Is there not some way in which the payment of the bonus to the widow can be expedited? There are cases where payment has been held up for a couple of years until the man's estate is settled. I spoke of this a year ago, and the minister said then that an amendment would be introduced whereby it would be possible to pay a bonus to the widow immediately if she were in necessitous circumstances.

Mr. GARDINER: We had no authority under the regulations as they were to make a payment to the beneficiary of the estate when the person who had a claim had died, but we did go ahead and make some payments after considerable difficulty. But a change has been made in the regulations within the past three or four weeks which now makes it possible for us to make the payment automatically.

Mr. QUELCH: There is another matter to which I wish to refer. Subsection 5 of section 8 of the regulations reads:

8. No person shall be considered to be a farmer under the act unless:

5. If residing with a parent or a brother, he is of the full age of twenty years and operates the farm as a separate unit, and the farm consists of at least a quarter-section of land.

I can understand the need for such a provision in the regulations to prevent a large farmer from dividing his farm up among his children in order to benefit by a larger bonus payment, but here is the case of a son living with his father in a town. The father is not a farmer himself but rents his farm to his son, who farms it and makes a good job of it. That boy should be granted the bonus; but he has been denied it on the ground that he is only nineteen years of age. It seems to me that we should try to encourage these young people rather than discourage them from carrying on that type of work. This is no case of the father trying to get a larger bonus because he is not farming at all; he is renting his farm to his son, and the son is denied the bonus on the ground that he is a minor living with his parents. I do not think the intention of the regulation was to deny that boy the bonus. The intention was to prevent a farmer from dividing up a large farm in order to get a larger bonus. The case to which I refer is that of Jack Turton of Consort, Alberta.

[Mr. Castleden.]

Mr. GARDINER: There has been some difficulty. In this particular case he would be denied the bonus because he was living in the town and not on the farm.

Mr. QUELCH: No; he was denied it because he was a minor.

Mr. GARDINER: There would be the two reasons.

Mr. QUELCH: No; I will read the letter from the superintendent, Department of Agriculture, Edmonton. He writes:

With regard to the above-mentioned claim, we wish to advise that owing to the fact that Jack Turton was not of the full age of twenty years when filing the cultivated acreage report, he cannot be considered for payment under the Prairie Farm Assistance Act.

There have been two other letters, and in none of the letters is the question raised of the young man's living in town. He is denied the bonus on the ground that he is a minor living with his father. Perhaps I had better go into the matter further with the minister at some later time, but where there is no question of a father dividing up his farm among his children in order to get a larger bonus, when his son rents the farm from him and is making a good job of it, does not the minister agree he should be entitled to the bonus? Why deprive him of it just because he is nineteen years of age?

Item agreed to.

Special.

31. To provide for wheat acreage reduction payments, for administration expenses in connection therewith, and for temporary appointments that may be required notwithstanding anything contained in the Civil Service Act, $4,265,000.

Mr. CASTLEDEN: What is the actual wheat acreage reduction by provinces for 1943, as compared with 1942, and what is the acreage in coarse grains by provinces in 1943?

Mr. GARDINER: For Manitoba, in summer-fallow, coarse grains and grass the acreage was 1,400,000 in 1941, and the amount paid out, $4,430,292; Saskatchewan, summer-fallow, coarse grains and grass, 5,687,000 acres; amount paid out, $19,930,898. The farmers payments amounted to $17,300,000, and the landlords payments to $2,600,000. In Alberta, summer-fallow, coarse grains and grass, 3,147,000 acres; amount paid out, $10,438,400. The farmers payments in Manitoba were $49,000; in Saskatchewan, $159,000, and in Alberta, $86,000. The acreage for Manitoba in coarse grains, summer-fallow, grass and rye in 1942 was 1,656,000, and the amount paid out was

in round figures $3,667,000; in Saskatchewan, 5,287,000 acres in coarse grains, summer-fallow, grass and rye, and the amount paid out, $11,611,000; in Alberta, 2,703,000 acres, and the amount paid out, $593,000. The number of farmers paid was 32,000 in Manitoba, 89,000 in Saskatchewan, and 53,000 in Alberta. The 1943 figures are not yet available. The acreage for 1943 is estimated at about 10,000,000 acres less than in 1940.

Mr. CASTLEDEN: Is there an estimate of that by provinces?

Mr. GARDINER: We have not the figures by provinces.

Mr. CASTLEDEN: About the same.

Item stands.

Progress reported.

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

Monday, July 5, 1943

The house met at three o'clock.

THE LATE HON. R. J. MANION

Right Hon. W. L. MACKENZIE KING (Prime Minister): It will be the wish, I am sure, of hon. members of all parties that I should give some expression to the loss which our country has sustained in the passing of the Hon. Robert J. Manion. His very sudden death at a late hour on Friday evening last must have come as a great shock, not only to his many personal friends and admirers, but to all who have followed his notable career.

Although not a member of this house during the present session, Doctor Manion's long association with parliament—he was a member for some twenty years—and the high and important positions which he held in the public life of Canada, would cause it to be the natural wish of many who sat with him in previous parliaments to pay, in this place, some slight tribute to his memory, and to the many services he rendered Canada, both in and out of parliament.

Doctor Manion, I am sure, would have been the last to wish, or to expect, that any attempt should be made at this time to estimate the place which history may accord his many contributions to our public life. I, myself, am the first to recognize that, at any time, it would be for some other, rather than for me, of whom he was so strong a political opponent, to perform that task. At the same time, I should like to say that, while differences in political opinion occassioned changes in our political affiliations, and open opposition in our political relationships, I shared throughout the course of many years an association in public affairs with Doctor Manion much more intimate than most political opponents enjoy, and a personal friendship correspondingly close.

A mere enumeration of the national services voluntarily performed by Doctor Manion, and of the positions of confidence and trust which he held, are in themselves sufficient to ensure that his name will hold a high place in the honour roll of Canadian statesmen who, throughout their lives, have sought to give to the service of their fellowmen and to their country the best that is in them, at home and abroad, in times of war, and in times of peace.

Doctor Manion began his career as a physician and surgeon, and to the end of his days he kept the touch of the physician in his desire to be of service to his fellowmen. The great war saw him ministering to the needs of soldiers on the field of battle. The present war saw him discharging, with his characteristic enthusiasm and vigour, the duties of national director of civilian air raid defence.

He entered the House of Commons in 1917 as a supporter of the Union government, and quickly made his mark as a parliamentarian. In the period of Mr. Meighen's brief administrations he held respectively for a few months the portfolios of Minister of Soldiers' Civil Reestablishment and of Postmaster General. Throughout Mr. Bennett's tenure of office, from 1930 to 1935, he was Minister of Railways and Canals. In these positions he was regarded as an able administrator.

Doctor Manion, in parliament and on the platform, was at all times, fearless and outspoken. His thoughts came with great rapidity to his mind and were as rapidly expressed. I am sure he wished sometimes that some of his utterances might have a little more caution. However, all of us in the heat of controversy are apt to go further than we would at other times. He had many of the qualities of the pioneer: a resolute courage, complete self-reliance, and a sturdy independence of character. He possessed a great love for Canada, and her interests and future were ever closest to his heart.

Although defeated at the general elections of 1935, such was the confidence he had won among the membership of his party that he

was chosen its leader at the national Conservative Convention in 1938. He then became for the ensuing two years its leader in this house and also the leader of His Majesty's Loyal Opposition.

The failure of his party to gain office at the general elections of 1940, and his defeat in his own constituency, must have been, for Doctor Manion, a bitter disappointment. Without recrimination he accepted the verdict of the country, and sought to continue his service to it in other directions. Shortly after his resignation as leader of his party, he offered his services to the government and, as is known, they were promptly availed of. The house is fully aware of the devoted manner in which Doctor Manion's time and talents were subsequently given to the country's service up to, and including, the day of his death.

It was evidence of the energy Doctor Manion possessed and of his desire to impart something of his own spirit to others, that he should have found time in the course of his active life to have written one or two books, and thus to have added to his record of surgeon and soldier, parliamentarian and patriot, the distinction also of being an author. His autobiography published under the title: "Life is an Adventure," contains in its pages many of the thoughts he would have wished most to bequeath to his fellowmen. Its pages disclose his genial nature, his sense of humour, his fearless attitude, and above all, the spirit of service which was the underlying purpose of his life.

It was on the 5th of July, 1938, that Doctor Manion was chosen leader of his party. To-day is the fifth anniversary of that memorable day in his career. The period of his leadership was brief. Brief indeed was the course of his life on earth, brought as it was to its close at the age of 61, when from him, had he been spared, so much more might have been expected. This morning, members of all parties accompanied his mortal remains to their last resting place. As we meet this afternoon, we pay common tribute to his memory.

Life, truly, is an adventure; an adventure far beyond our ken. In these halls of parliament, in which, in bygone years some of our political battles were fought, I take my leave of him, with the thought, that surely all is not over here, that—

> Somewhere, surely, afar,
> In the sounding labour-house vast
> Of being, is practised that strength,
> Zealous, beneficent, firm!

[Mr. Mackenzie King.]

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, following the well chosen remarks of the Prime Minister (Mr. Mackenzie King) I should like on behalf of the Progressive Conservative party to add a word to what he has said on this occasion.

It was truly and appropriately said in the House of Commons on an occasion similar to this that in the midst of life we are in death. The passing of the Hon. Robert J. Manion in the midst of his public duties serves, I think, to recall that thought. Doctor Manion died in harness. He had a full life, and a long heritage of accomplishments and friendships which all might properly envy. He was one of the many Canadians who have risen to high position by following relentlessly the royal road of honesty, integrity and hard work. For well over a quarter of a century he was intimately associated with the public life of Canada. Prior to his entry into the House of Commons in 1917 he had reached a high peak in his chosen profession and had been decorated for gallantry in the service of his country in the first great war.

The contributions which Doctor Manion made as a surgeon, a soldier, an author, a member of parliament and a cabinet minister, and later as the leader of His Majesty's Loyal Opposition, will be long remembered by the people of this dominion who loved him as a fearless fighter, a warm-hearted friend and a brilliant parliamentarian. His deep attachment to the things that are best in Canadian life, both in peace and in war, prompted him to offer his services again in world war No. 2. As before, he acquitted himself in the discharge of his duties with high credit to himself and to his country. Great as was his record in public affairs, equally great was his exemplary life as a family man, one who loved his own home. He believed that the real bulwark of a nation must lie within the home and family relationships.

Doctor Manion's passing comes as a great shock and will be a cause for deep sorrow on the part of his widow and his three sons, two of whom, in pursuance of their father's example, are to-day to be found in the armed forces of our country. It is of them we think at this time, and to them we send our sympathy and our condolences. In the midst of their loss they may properly take consolation from the thought that this good husband and father discharged his high duties in a full life with great credit, both in the public and in the private domain. Doctor

Manion's life is an inspiration to all of us. He has left the heritage of a good name and a life well lived.

> Lives of great men all remind us
> We can make our lives sublime,
> And departing, leave behind us
> Footprints on the sands of time.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I join with the Prime Minister (Mr. Mackenzie King) and the leader of the opposition (Mr. Graydon) in extending to Mrs. Manion and her family the deepest sympathy of the members of the party with which I am associated. As for myself and others who sit with me, we shared the atmosphere of this chamber with the late Doctor Manion. There is not much that one can say, except that when we disagreed with him we realized that here was a happy nature, a man typical of the race and people from which he sprang, and one whose quick retort and ready wit often enlivened this chamber.

He left this House of Commons in 1940 after defeat, the policy laid down by his party having found little popular support throughout the country. For that failure no doubt he himself grieved and to some extent suffered.

We wish to join with all members in the house in paying tribute to the memory of a man with whom we disagreed often, but whose many qualities were admired and whose work we respected.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, when I heard that Doctor Manion had been called away I was asked to voice an expression for publication in the press. I issued these words:

> Sincerely, energetically, honourably, Doctor Manion strove to build a better Canada, serving as a surgeon, a soldier, a statesman. Doing so he was actuated by those warm and noble feelings which former generations knew as patriotism. He deserved well.

I wish to join with those who have already spoken in expressing on behalf of this group our profound sympathy with the wife and children who by his death are bereaved. May I also congratulate them upon having had as a husband and father a worthy man.

Hon. P. J. ARTHUR CARDIN (Richelieu-Verchères) (Translation): Mr. Speaker, the sad news of Hon. Doctor Manion's premature passing away recalls to the members of this house and, in fact, to all human beings, the implacable brevity of life and the vanity of most of the things that hold our attention during our rather fleeting stay in this world.

On this occasion, it is fitting to say that, in spite of differences of opinion and of the disagreements inherent to political struggles, the citizens of French descent always held in the most profound respect the personality, the works, the activities of the distinguished deceased whose loss we mourn to-day. In the thick of the contest and of the struggle, he always showed himself of unimpeachable loyalty and, because of his attitude, of the nobility of his character and of his radiant sympathy, he was always considered as a friend by the citizens of my province and by Canadians of French descent; no political discussions ever left a trace of the feelings or altered the friendly relations which existed between him and Canadian citizens of French descent.

Joining all other Canadians, we, the citizens of Quebec and Canadians of French descent, respectfully bow our thoughts over the grave which, far too soon, was sealed over a citizen who made his mark in Canada's political and social life. The memory of this distinguished Canadian and of his works will long be cherished by us, and this same memory will long be veiled by the sadness which his death has caused.

Mr. MACKENZIE KING: I assume that it is unnecessary for me to ask you, Mr. Speaker, on behalf of all the members of this House of Commons, to convey to Mrs. Manion and to her sons the expression of our very deep sympathy in their bereavement.

THE LATE GENERAL SIKORSKI

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, it is with great regret that I have to inform the house that General Sikorski, prime minister of Poland and commander in chief of the Polish armed forces, was killed yesterday in an aeroplane accident at Gibraltar while returning to the United Kingdom from a visit to the Polish forces in the middle east. General Sikorski's daughter and the chief of staff, General Klimecki, were also killed.

General Sikorski was an eminent statesman and soldier whose place in the councils of the united nations it will indeeed be hard to fill. He had faced with supreme courage, high intelligence and unshaken confidence the baffling problems that confronted a government which had been deprived of direct control of all of its national territory. He had also been foremost in the task of reorganizing units of a Polish army which have lately fought with great gallantry in north Africa and other theatres of war.

General Sikorski visited Canada in 1941 and 1942, and again briefly early in the present year. Only on Friday last I read to the house a cable received from Cairo from General Sikorski extending his good wishes on the celebration of Canada's Dominion Day and an expression of his own and the Polish nation's admiration of Canada's contribution to the allied cause on the battlefields of this war. On the occasion of each of his visits to Canada, General Sikorski impressed all who met him as one of the ablest diplomats and bravest fighters in the common cause.

In my contacts with him during his visits to Canada, I felt that, if he were spared to survive the war, he would be destined to play a leading part in the reconstitution of a free and independent Poland and in the establishment of stability in eastern Europe. He has not been so spared, and his untimely death is an irreparable loss not only for the Polish government and people, to whom I extend sincerest sympathy in the name of the government and people of Canada, but also for all of the united nations.

PRIVATE BILLS COMMITTEE

Third report of standing committee on miscellaneous private bills—Mr. Donnelly.

PRIVILEGE

MR. MACKENZIE KING—REFERENCE TO STATEMENT OF MR. JOHN BRACKEN IN TORONTO ON JULY 2

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I rise to a question of privilege. Speaking in Toronto on Friday last, Mr. John Bracken, leader of the Progressive Conservative party, is reported in the press of Canada as having said that the war policy of the dominion government had been "in too many of its aspects prompted by political cowardice."

Had Mr. Bracken, as leader of the Progressive Conservative party, been a member of this House of Commons, I should to-day at once have asked you, Mr. Speaker, to see that Mr. Bracken was obliged immediately to withdraw his charge of political cowardice. As one who himself has been a member of a legislative assembly, Mr. Bracken must know that these untrue and offensive words could not have been used in this house or in the legislature of any province without the house insisting upon their being withdrawn. As Mr. Bracken is not in the house, I suppose I must content myself by saying that a charge of "political cowardice" comes with ill grace from a leader of a political party who, throughout the whole of a session of parliament, following his appointment as leader of his party, has avoided attempting its leadership on the floor of the House of Commons.

I should like also to draw the attention of the house to Mr. Bracken's further reported reference, in speaking of that part of the Canadian army called up for service in the western hemisphere, to his "judgment that this home draftee army is not only an injustice to the men who are in it, but it is the biggest hoax ever perpetrated on the nation." I think the use of the word "hoax", which in existing circumstances is equally uncalled for and equally untrue and offensive, is something which the leader of the Progressive Conservative party himself will come greatly to regret ever having used.

Mr. POULIOT: Isaac Laquedem.

MR. GIBSON—REFERENCE TO STATEMENT IN GLOBE AND MAIL OF FRIDAY, JULY 2

Hon. C. W. G. GIBSON (Minister of National Revenue): Mr. Speaker, as a matter of privilege I should like to refer to an article appearing in the *Globe and Mail* on Friday, July 2, under the heading "Did Abitibi bondholders follow wrong policies?" This refers to an article written by James F. Clark, statistician, Toronto, which contains the following statement:

> In the last two years Abitibi has paid out to bondholders the substantial sum of $20,272,140, equal to forty-two per cent on the $48,267,000 stated amount of the bonds. These moneys have, with the approval of the dominion income tax authorities, been applied on the principal, an unheard of practice in the writer's knowledge, and accordingly bondholders are not required to pay income tax on these receipts. Here again the reason advanced for the payment to apply against principal instead of unpaid interest is the possibility that final settlement would find insufficent assets to repay bondholders' claims for principal and interest in full. If these payments came from liquidation of the properties of the company there might be some validity to this reasoning. The writer believes that these payments would probably not have been made at all had the income tax authorities refused to consider them free from income tax.

I wish to take exception to the statement that I have read, as it by no means represents the facts. The writer refers to "an unheard of practice," whereas I would point out that it is a common practice for the payor of a debt to direct on what account the payments should be applied. But in this case the courts, by various orders, directed that payments be made on account of the principal. The question whether such payments were to be considered on account of the principal or interest was decided by the court, not by the income tax department.

Mr. Clark states that "the reason advanced for the payment to apply against principal instead of unpaid interest is the possibility that final settlement would find insufficient assets to repay bondholders' claims for principal and interest in full." No such reason has been advanced by my department. It may be that the court used this reasoning in directing that the moneys be paid on account of the principal debt, but when a creditor takes payment in the manner directed by the payor, the reasons for the action are immaterial. The fact remains that the money was paid by direction of the court in liquidation of the principal.

The suggestion by Mr. Clark that the method of applying the moneys owing by the company was subject to the approval of the income tax department and that the income tax department had power to direct how such moneys should be applied, is entirely unfounded.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 110, for the relief of Jean Sylvia Murley.—Mr. Boucher.

Bill No. 114, for the relief of Margaret Anne Richards Johnstone.—Mr. Whitman.

Bill No. 117, for the relief of Marion Mathilda Heversage Jost Hooper.—Mr. Whitman.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SALMON AND RED HERRING FOR CANADIAN CONSUMPTION

Mr. CRUICKSHANK:

1. Will salmon be released and distributed for Canadian consumption on a per capita basis to each province?

2. If so, in what manner?

3. Will canned herring be released for distribution to the several provinces?

4. If so, on what basis?

5. Will eastern herring be shipped to British Columbia?

6. Will British Columbia canned herring be released on the Pacific coast?

Mr. ILSLEY:

1. Approximately 200,000 cases of canned salmon will be released for Canadian consumption but the basis of distribution has not been determined.

2. Discussions are now in progress for the purpose of determining the basis of allocation and equitable distribution.

3. Certain quantities of canned herring are being considered for Canadian consumption but the basis of distribution cannot be determined until the quantity to be available is known.

4. See answer to question 3.

5. See answer to question 3.

6. See answer to question 3.

SUGAR RATIONING—WINE AND SOFT DRINKS

Mr. DIEFENBAKER:

1. What is the expenditure or liability incurred to date in connection with the rationing or distribution of canning sugar for, (a) advertising; (b) salaries and allowances to personnel connected with the administration thereof; (c) travelling expenses?

2. (i) What quantity of sugar for the current year has been allotted by the ration administrator of the wartime prices and trade board to, (a) manufacturers of wine; (b) manufacturers of soft drinks? (ii) What quantity was used by each group of manufacturers during the year 1942?

Mr. ILSLEY:

1. (a) Advertising, $20,300.

(b) Salaries and allowances to personnel, nil. The rationing and distribution of canning sugar was carried out by the regular personnel and no additional salaries or allowances were involved.

(c) Travelling expenses, nil.

2. (i) 1943 — (a) manufacturers of wine, 9,100,000 pounds; (b) manufacturers of soft drinks, 66,000,000 pounds.

(ii) 1942—manufacturers of wine, 12,077,274 pounds (raw sugar); manufacturers of soft drinks, 73,075,217 pounds (refined sugar).

SUGAR

Mr. SHAW:

1. What was the total production of beet sugar in Canada for each of the calendar years 1940, 1941 and 1942?

2. What was the total volume of raw sugar imported into Canada during each of the above three years?

3. Was any refined sugar imported into Canada during the years 1940, 1941 and 1942? If so, what was the total of such imports for each year?

4. What percentage of the total available quantity of sugar on hand during the above three years (by years) was procurable for home consumption? What was the actual home consumption for each year?

5. What proportion of the total available sugar was sold, (a) to manufacturers of foodstuffs; (b) to manufacturers of beverages; (c) to other manufacturers, during each of the years 1940, 1941 and 1942?

6. What were the total sugar supplies in storage in Canada as at December 31, 1940, 1941 and 1942?

7. By provinces, what is the actual average per capita allowance of sugar for the canning of fruits and jams during the 1943 canning season?

Mr. ILSLEY:

1. 1940, 197,770,000 pounds; 1941, 197,365,000 pounds; 1942, 184,495,000 pounds.

2. 1940, 957,032,000 pounds; 1941, 954,423,000 pounds; 1942, 633,962,000 pounds.

3. No.

4. Approximately 65 per cent. Actual household consumption was as follows: 1940, 716,689,152 pounds; 1941, 749,009,810 pounds; 1942, 584,233,651 pounds.

5. No statistics are available regarding the distribution of sugar to manufacturers during 1940. The estimated industrial usage (other than household) during 1941 and 1942 was approximately 35 per cent of total distribution.

	1941 Pounds	1942 Pounds
Foodstuffs		
Bread and cake....		
Confectionery		
Biscuits		
Ice cream.....		
Condensed milk....		
Canning and preserving.....	233,135,541	178,212,513
Meat curing.....		
Miscellaneous		
*Pharmaceuticals		
*Tobacco, etc.		
Beverages ..... (including wines)	104,687,598	85,152,492
Candy	65,489,836	51,222,345
	403,312,975	314,587,350

*Separate figures not available for these items, but the amount is small.

6. Total sugar supplies in storage in Canada as at December 31: 1940, 439,830,028 pounds; 1941, 460,061,642 pounds; 1942, 284,363,952 pounds.

7. The actual average per capita allowance throughout Canada was 11·3 pounds. The distribution was left to the discretion of the local ration boards.

WARTIME HOUSING—HULL, QUE.

Mr. NICHOLSON:

1. How many two-bedroom houses were built in Hull at a cost of, (a) $1,889.13; (b) $2,939.87?

2. How many four-bedroom houses were built in Hull at a cost of, (a) $1,889.13; (b) $2,939.87?

3. What was the total number built?

4. What were the other costs paid by Wartime Housing Limited in connection with the building of these houses?

[Mr. Shaw.]

5. What was the total expenditure as at February 28, 1943?

6. Was the cost for providing land, sewers, roads, street lights, etc., $760 per house, as reported on page 3854 of *Hansard*, June 21, 1943, or $995.48 for the 100 houses and $828.68 for the fifty houses, as reported on page 3876, June 29?

Mr. HOWE:

1. (a) H-1 type 2-bedroom house, 24′ x 24′: 4 houses, bevelled siding finish, at $1,889.13; 10 houses, wood shingle finish, at $1,893.02; 5 houses, weatherboard finish, at $1,890.49; 6 houses, asbestos shingle finish, at $1,897.78.

(a) H-21 type 2-bedroom house, 24′ x 28′: 8 houses, bevelled siding finish, at $2,065.56; 8 houses, weatherboard finish, at $2,066.60; 2 houses, wood shingle finish, at $2,069.81; 7 houses, asbestos shingle finish, at $2,073.76.

(b) None.

2. (a) None; (b) 100 houses.

3. 150 houses.

4. $140,983.21.

5. As already explained on page 3876 in *Hansard*, June 22, 1943, the total was $577,604.06, which sum included an item of $43,593.82 which had not, as of that date, been transferred to the Ottawa project.

6. The sums of $995.48 for 100 houses, and $828.68 for the 50 houses as reported on page 3876, June 22, for providing lands, sewers, roads, street lights, etc., is correct.

The $760 per house, which was referred to on June 21 had reference to the return of *Votes and Proceedings* No. 19, page ii, in answer to the question by Mr. Nicholson, M.P., question 3 ("What was the average cost of providing sewers, service, etc., for each of the houses built in Hull?"), "The average cost per house for providing sewers, watermains, roads and walks was $760.66." This is still correct. The difference in the amounts is explained by the fact that the $760.66 covers only 4 items, whereas the returns of $995.48 and $828.68 include grading, street lighting, house heaters, cooking ranges, supervising architect, and many similar items.

CANADIAN FLAG

Mr. LaCROIX (Quebec-Montmorency):

1. In the event of a victory for the united nations in Europe, will the Canadian forces take part in the victory parade?

2. If so, what flag will be used to show their nationality?

1. Have the United States forces now in England a national flag?

2. Have the Australian, New Zealand and South African forces now serving outside of their respective territories a national flag?

3. Have the British forces now serving outside of England a national flag?
4. Have the Canadian forces now serving outside of Canadian territory a national flag?
5. If so, what flag is it? If not, why?

1. Is the red ensign, in which the union jack appears at the top left quarter, near the pole, and the arms of Canada at the fly end, the official flag of Canada?
2. If so, why is this flag not displayed on the main tower of the parliament buildings?
3. If not, has Canada a national flag?

Mr. MACKENZIE KING: I must say, Mr. Speaker, that in reading over these questions I have asked myself several times whether the hon. member who has asked them does appreciate that at the present time the world is engaged in a war in which the whole future of civilization and freedom itself is at stake. The questions are not asked for the purpose of securing information, because I have already answered questions with regard to a Canadian flag. They are asked to add fuel to a possible flame of controversy with respect to the flag in a time of war. I refuse to make any further answer to the hon. member with respect to the questions which he has asked in regard to the flag.

At this time surely hon. members of parliament must realize that there is a condition existing in the world that is more serious than any that has ever existed heretofore. They must further, if they are at all appreciative of what is reported in the press from day to day, realize that events the like of which none of us is able to contemplate are likely to take place in the course of a very few days, if I may go that far. In these circumstances, Mr. Speaker, is this country to have a flag controversy to be added to the other factors that may make for disunion at a time when above all else unity is required? I speak with feeling, Mr. Speaker, because I believe that before this summer is over this house will have strong reason to see the wisdom of not permitting anything in the nature of controversy to arise at this time when there is need for the greatest possible unity on all sides.

STORAGE OF WESTERN WHEAT AND COARSE GRAINS

Mr. CASTLEDEN:

What arrangements are being made to provide advance payments or loans to the farmers of western Canada in order to assist in the storage of over 600,000,000 bushels of wheat and coarse grains?

Mr. MacKINNON (Edmonton West): Mr. Speaker, this is a matter of government policy and will be considered by the government in the light of the final results obtained from the present crop year and in the light of the extent and distribution of the 1943 crops.

LABOUR CONDITIONS—TORONTO SHIPBUILDING COMPANY

Mr. ADAMSON:

1. Has the Minister of Munitions and Supply, or any official in his department, received any communications from L. Sefton of the United Steel Workers of America relating to conditions in the Toronto Shipbuilding Company's yard?
2. If so, what was the date or dates of such communications?
3. Upon what dates were the said communications received in the said department?

Mr. HOWE:

1. Yes.

2 and 3. Two communications were received as follows: (a) An undated report over the signature of L. Sefton, representative of the United Steelworkers of America, entitled "Factors Entering into the Toronto Shipyards Dispute."—received June 21, 1943; (b) A letter from L. Sefton to the Minister of Munitions and Supply, dated June 25, 1943, and received June 27, 1943, enclosing a further copy of the report mentioned in (a).

NOTE: L. Sefton is not an employee of the Toronto Shipbuilding Company Limited.

LIEUTENANT-COLONEL F. W. CLARKE

Mr. ROSS (Souris):

1. Has Lt.-Colonel F. W. Clarke received an appointment in the adjutant-general's branch of the Department of National Defence?
2. If so, what are his duties?
3. What does he receive by way of, (a) remuneration; (b) expenses and allowances?
4. What was his military experience prior to this war?

Mr. MACDONALD (Halifax):

1. Yes.

2. Special assistant to the adjutant-general on mattters pertaining to Canadian prisoners of war in enemy hands, and head of the section in the adjutant-general's branch having to do with such prisoners of war.

3. (a) Nil; (b) Nil.

4. Honorary Lieutenant-Colonel, Royal Rifles of Canada. He is 56 years of age.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN FORCES—ENLISTMENTS AND DISCHARGES

Mr. MAYBANK:

1. Since the commencement of the war, and including personnel in the permanent army, navy and air force when the war began, what is the total number of men taken on the strength for active full time duties in, (a) the army; (b) the navy; (c) the air force?
2. How many of the same have been struck off the strength or ceased from any cause to be members of the same forces?

Mr. MACDONALD (Halifax): Order for return, but with the reservation that is always made that the exact strength is not to be shown.

UKRAINIAN FARMER LABOR TEMPLE ASSOCIATION

Mrs. NIELSEN:

1. Were a Mr. Wenspir and a Mr. Hamilton representatives of the custodian of enemy alien property in the city of Edmonton, Alberta, in 1941?

2. If so, (a) did they order the destruction of the library of roughly a thousand books belonging to the Ukrainian Farmer Labor Temple Association at 10628-96th street, Edmonton, in or about the month of April, 1941; (b) what volumes were destroyed, and how; (c) for what reason were such books destroyed; (d) was an auction or other sale of furniture and equipment also made on or about the same time under the direction of Messrs. Wenspir and Hamilton, belonging to the same association?

3. Were books comprising the library of the Ukrainian Farmer Labor Temple Association at 300 Bathurst street, Toronto, taken to the premises of the Pullan Paper Stock, Ltd., at Trinity and Parliament streets, Toronto, for destruction, in the early part of 1941? If so, how many volumes were destroyed, and why?

4. Were furniture, effects, or books of this association sold, destroyed or otherwise disposed of in other places in Canada? If so, where?

5. Since such properties cannot be restored, how will restitution or compensation be made?

RADIO BROADCASTING—MILK, PEPSI-COLA AND COCA-COLA

Mr. LaCROIX (Quebec-Montmorency):

1. Was Dr. DelVecchio, of Montreal, refused permission by the Canadian Broadcasting Corporation to speak in favour of raw milk in 1942?

2. If so, for what reason?

3. Why does the Canadian Broadcasting Corporation permit the Pepsi-Cola and Coca-Cola companies to speak in favour of the sale of their products?

4. Why does the government permit trusts of pasteurized milk to speak over the radio?

5. What is the amount invested in the milk industry in Canada by Borden Milk Company?

6. Have chemical analyses of Coca-Cola been made? If so, does the Department of National Health recommend these beverages?

7. Why does the federal government permit the Canadian Broadcasting Corporation to advertise such product, and to use gasoline for its transport?

8. Are farmers denied the same privilege for the transport of raw milk?

9. If so, why?

CHRISTIE STREET HOSPITAL, TORONTO

Mr. BRUCE:

1. What amount of ground is available for patients for recreation purposes, exclusive of the buildings, on the property of the Christie street hospital?

[Mr. Maybank.]

2. What is the distance between the northerly limit of the right-of-way of the railway and the nearest point of the Christie street hospital property?

3. What factories or industries are located outside the Christie street hospital within a radius of half a mile, (a) to the west of the hospital; (b) to the south of the hospital; (c) to the north of the hospital?

4. Do any of these factories operate continuously day and night?

5. If so, how many?

6. Does any factory work at night with the help of donkey engines and searchlights?

7. Are the neurological wards of the hospital situated on the westerly side of the hospital?

8. If so, what distance are these wards from the nearest factory or industry?

9. Have any complaints been made of the patients in these neurological wards not being able to sleep at nights because of the noise from these factories or industries?

10. If so, what have the authorities done or do they propose to do in the circumstances?

11. Are casualties from the present war placed in the wards with chronic invalids from the last war?

12. If so, does the Department of National Health consider this a satisfactory and proper arrangement?

13. Is the dining-room still in the basement?

14. What is the personnel of the wartime committee on hospitalization?

CANADIAN FORCES AND MERCHANT MARINE—HOSTELS

Mr. BLACK (Cumberland):

1. At what places in Nova Scotia have hostels been provided for persons in the armed services or in the merchant marine?

2. Has a hostel been provided at Liverpool, Nova Scotia, with special reference to the needs of those in the naval services, or is such contemplated?

3. What is the cost of each such property for, (a) construction; (b) purchase; (c) rental?

4. What has been the cost of, also the estimate cost to complete each property for, (a) improvements; (b) equipment and furnishings?

MOTIONS FOR PAPERS

WARTIME HOUSING LIMITED—PRINCE RUPERT

Mr. HANSON (Skeena):

For a copy of all letters, telegrams, memoranda, contracts and other documents exchanged between Wartime Housing Limited, or any official thereof, and the city of Prince Rupert, or any official thereof, dated since January 1, 1941.

HOUSING IN PRINCE RUPERT

Mr. HANSON (Skeena):

For a copy of all letters, telegrams, memoranda, contracts and other documents exchanged between the Department of Munitions and Supply, or any official thereof, and the city of Prince Rupert, or any official thereof, relating to housing in the city of Prince Rupert, dated since January 1, 1941.

KELVINGTON, SASK., POST OFFICE BUILDING

Mr. NICHOLSON:

For a copy of all letters, telegrams, memoranda and other documents during 1942-43 in possession of the construction controller, in connection with the building of a post office at Kelvington, Saskatchewan.

ALLOTMENT OF GRAIN AT WESTERN DELIVERY POINTS

Mr. CASTLEDEN:

For a copy of all letters of instruction, circulars and other notices sent from June 1, 1940, up to and including April 30, 1943, to railway companies or their agents, grain companies or their agents, by the Canadian wheat board or its committees, respecting the allotment of grain cars at delivery points throughout western Canada.

REDISTRIBUTION

AMENDMENT TO B. N. A. ACT TO POSTPONE ADJUSTMENT OF REPRESENTATION UNTIL CESSATION OF HOSTILITIES

Hon. L. S. ST. LAURENT (Minister of Justice) moved:

That whereas provisions of the British North America Act require that, on the completion of each decennial census, the representation of the provinces in the House of Commons shall be readjusted;

And whereas such readjustment involves in fact the determination of the number of members to represent each province and the number of electoral divisions within each province and the delimitation of such electoral divisions;

And whereas Canada has been at war since September 10, 1939, and hostilities may continue for an indefinite period;

And whereas the census of 1941 was taken during the progress of hostilities;

And whereas the effect of enlistment in the armed forces of Canada and of employment in the production of munitions of war has been to remove large numbers of the population from their homes to serve in and with such armed forces either in other parts of Canada or overseas or to reside temporarily in other parts of Canada;

And whereas experience has shown that such readjustment may give rise to sharp differences of opinion as to the appropriate delimitation of electoral divisions, which differences it is most desirable to avoid while Canada continues at war;

And whereas in these circumstances it does not now seem desirable that readjustment of representation on the basis of the census of 1941 should have to be made during the continuance of the hostilities in which Canada is now engaged,

A humble address be presented to His Majesty the King in the following words:—

To the King's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's most dutiful and loyal subjects, the Commons of Canada in parliament assembled, humbly approach Your Majesty, praying that You may graciously be pleased to cause a measure to be laid before the parliament of the United Kingdom to be expressed as follows:—

An act to provide for the readjustment of the representation of the provinces in the House of Commons of Canada consequent on the decennial census taken in the year one thousand nine hundred and forty-one.

Whereas the Senate and House of Commons of Canada in parliament assembled have submitted an address to His Majesty praying that His Majesty may graciously be pleased to cause a bill to be laid before the parliament of the United Kingdom for the enactment of the provisions hereinafter set forth,

Be it therefore enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present parliament assembled, and by the authority of the same, as follows:—

1. Notwithstanding anything in the British North America Acts, 1867 to 1940, it shall not be necessary that the representation of the provinces in the House of Commons be readjusted, in consequence of the completion of the decennial census taken in the year one thousand nine hundred and forty-one, until the first session of the parliament of Canada commencing after the cessation of hostilities between Canada and the German Reich, the Kingdom of Italy and the Empire of Japan.

2. This act may be cited as the British North America Act, 1943, and the British North America Acts, 1867 to 1940, the British North America Act, 1907, and this act may be cited together as the British North America Acts, 1867 to 1943.

He said: Mr. Speaker, I wish to submit certain considerations to the house in support of the motion you have just read. Members will have noted that it provides that a humble address be presented to His Majesty the King praying that he may be graciously pleased to cause a measure to be laid before the parliament of the United Kingdom to provide that:

Notwithstanding anything in the British North America Acts, 1867 to 1940, it shall not be necessary that the representation of the provinces in the House of Commons be readjusted, in consequence of the completion of the decennial census taken in the year one thousand nine hundred and forty-one, until the first session of the Parliament of Canada commencing after the cessation of hostilities between Canada and the German Reich, the Kingdom of Italy and the Empire of Japan.

The reasons for this procedure are of course obvious to all hon. members. They arise out

of the terms of the statute of Westminster, 1931. Hon. members will remember that it is recited in the preamble to that statute that—

> . . . it is in accord with the established constitutional position that no law hereafter made by the parliament of the United Kingdom shall extend to any of the dominions as part of the law of that dominion otherwise than at the request and with the consent of that dominion.

It is for that reason that the humble address provides for a recital that the act mentioned therein is to be laid before the parliament of the United Kingdom at the express request of the Senate and of the House of Commons of Canada.

The statute of Westminster also provides, in the enacting portion, that—

> No act of parliament of the United Kingdom passed after the commencement of this act shall extend or be deemed to extend to a dominion as part of the law of that dominion unless it is expressly declared in that act that that dominion has requested, and consented to, the enactment thereof.

I may also call attention to one further provision of the statute of Westminster, section 7, subsection (1):

> Nothing in this act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts 1867 to 1930 or any order, rule or regulation made thereunder.

So that it is quite clear that if it is desirable in fact that readjustment of the representation of the provinces do not take place at the time normally provided by the British North America Act, the procedure to achieve that must be a request to the parliament of the United Kingdom to enact legislation to that effect.

I do not propose to labour that point. I wish to confine my remarks to the development of certain reasons why it may appear desirable that this readjustment should not be made at this time.

Under section 37 of the British North America Act, 1867, it was provided that the House of Commons of Canada should consist of 181 members, of whom 82 should be elected for Ontario, 65 for Quebec, 19 for Nova Scotia, and 15 for New Brunswick. Then it was provided under section 51 that after the completion of the census of 1871 and of each subsequent decennial census the representation of the four provinces should be readjusted by such authority in such manner and from such time as the parliament of Canada provided, subject to certain general rules, as follows:

Quebec was to have a fixed number of 65 members.

There was to be assigned to each other province such a number of members as would bear the same proportion to the number of its population ascertained at that census as the number 65 bore to the number of the population of Quebec at the same census.

It was further provided that in the computation of the number of members for a province, a fractional part not exceeding one-half of the whole number requisite for entitling the province to a member would be disregarded. But a fractional part exceeding one-half of that number would be equivalent to the whole number.

Now, the census of 1941 established that the population of the province of Quebec was 3,328,815. Dividing this by 65 gives us the quotient 51,213. According to that general rule the representation of provinces according to population would be as follows:

	Population	Number of members
Prince Edward Island..	95,047	2
Nova Scotia.....	577,962	11
New Brunswick.....	457,401	9
Ontario	3,787,655	74
Manitoba	729,744	14
Saskatchewan	895,992	17
Alberta	796,169	16
British Columbia.....	817,861	16

But section 51 further provided that on any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding readjustment of the number of members for the province is ascertained at the then latest census to be diminished by one-twentieth part or upwards. That is the text of the proviso of section 51. In 1915 an amendment of the British North America Act was passed by the imperial parliament at the request of this parliament providing that, "notwithstanding anything in the said act, a province shall always be entitled to a number of members in the House of Commons not less than the number of senators represent such province." Because of these provisions, the result, instead of being that which I gave a moment ago, would be as follows: Prince Edward Island would have 4 members instead of 2; Nova Scotia, 12 instead of 11, New Brunswick, 10 instead of 9; Ontario, 82 instead of 74; Alberta 17 instead of 16; Saskatchewan, with 99,823 people more than Alberta, would have the same representation; Manitoba, with only 66,425 less than Alberta, would have three less members; Ontario would have 17 members more than Quebec for a difference in population of 458,840; Saskatchewan would have only 17 members for 895,992 people.

This would be the result in spite of the fact that, since Ontario's representation was diminished in 1911, its proportion of the total population has diminished not by one-twentieth but by one-sixteenth; but because that diminution has not come about in one decade, and because the privy council in the Prince Edward Island case in 1904 held that when as a result of a census the representation of the provinces is reconsidered and the necessary changes therein made to bring it in harmony with the result of the census, it is a readjustment within the meaning of the proviso I read a moment ago, whether there be or be not any change in the case of any one province. Ontario would therefore, under that construction of subsection 4 made by the privy council in the Prince Edward Island case, be entitled to retain its 82 members.

That particular question as to whether in order that it be considered the diminution of one-twentieth had to take place in one decade, was not before the privy council for decision. What was before them for decision was whether the aggregate population to be considered to make the required calculations was the aggregate of the four original provinces or the aggregate of all the provinces which had since been added to the four original ones; and secondly they had before them for decision the question whether there could be a readjustment downward before there had been at least one readjustment upward in the representation of a province. What was being argued on behalf of Prince Edward Island was that the one-twentieth diminution had to be a diminution since a prior readjustment, and if there had been no change in the original number of representatives of a province, it was argued, there had been no readjustment and therefore there was no ascertained period to provide figures for the comparison.

That contention of the province was set aside, but in setting it aside their lordships used the language above cited, which I am going to read again:

> When as a result of a census the representation of the provinces is reconsidered and the necessary changes therein made to bring it in harmony with the result of the census, it is a readjustment within the meaning of subsection 4, whether there be or be not any change in the case of any one province.

Now it can hardly be contended that when the fathers of confederation were providing for representation by population they intended that cumulative diminutions would for all time remain ineffective if they did not all happen to come within the one decade. It is certainly arguable that if their lordships had had for decision a case in which it appeared that since any change in the representation of a province there has occurred a diminution of that province's proportion of population amounting to more than one-twentieth, although that diminution was spread out over more than one decade, they might have been expected to hold that the proper construction of the act required that this diminution in proportion be taken into account in determining the province's future representation.

Now, however, only legislation or qualification by the privy council itself of the language which I have quoted could change that rule. Therefore to make a redistribution at this time would give Saskatchewan only 17 representatives instead of 21 for its population of 895,000, while Ontario retains 17 for a population of 458,840, more than the population which Quebec still has.

Mr. GRAYDON: Would the minister repeat that?

Mr. ST. LAURENT: To make a redistribution at this time would give Saskatchewan only 17 representatives instead of 21 for its population of 895,992, while Ontario, because it has 458,840 more than Quebec, would have 17 members more than 65. That would not appear to be fair; nor would it appear to be fair to reduce Manitoba from 17 to 14 with a population of 729,744. It is argued on behalf of Manitoba and Saskatchewan that some of their population has been drained away as an effect of enlistments in the armed forces and of a drift from certain portions of those provinces to war plants in Ontario and Quebec or British Columbia. As to the men who enlisted, though efforts were made in taking the census to credit all these men to their own respective provinces, it undoubtedly did happen that some of them had changed their homes since enlistment, and there is no doubt that a great many had changed their homes to go to war plants in other centres. It can be argued that these provinces should not be penalized because of these facts, but to make a redistribution at this time and not to make it along the lines above indicated would require an amendment to the constitution.

Now, though it is admittedly unfair to Saskatchewan and Manitoba to make the unit of representation for them 51,213, while Ontario, for 17 of its members, has a unit of 27,000 each, it would be equally unfair to leave Quebec with a unit of 51,213 for each of its representatives, and if a measure was to be introduced to remove this unfairness from the constitution of Manitoba and Saskatchewan, the people of Quebec might be expected to insist that they be given the same consideration. And who would there be to

gainsay them if they said that British fair play meant fair play for all British subjects, whatever their race or religion.

Hon. members will readily appreciate what kind of situation would have arisen had any attempt been made at this time to amend the constitution for the purpose, among others, of allowing Quebec to have a greater proportion of representatives in the parliament of the nation. It would of course be a reasonable thing to do, and if the trend of population does not change, it is something which will have to be done some day. But it is like the question of a national flag, to which reference was made this afternoon. The applause which greeted the remarks of the right hon. the Prime Minister (Mr. Mackenzie King) led me to believe that this house feels it is not the proper time to have a controversy of that kind. On the merits, no one can deny that it would be reasonable for the Canadian nation to signify its national status by a distinctive national flag and a distinctive national anthem. Who among us was not deeply moved when he heard Mr. Anthony Eden describe the landing in the British isles of our first expeditionary force in this war? I beg leave to quote from page 1746 of *Hansard:*

As dominions secretary in the opening months of the war it was my privilege to travel to a certain port, there to welcome the first contingent of your army to reach the shores of the old country. Sir, I could never forget that scene. It was a beautiful winter morning, such as we do have in Britain sometimes, at a famous port which I suppose must still remain anonymous; such are the rules of censorship. I was the spectator of the scene from the flagship of the commander-in-chief of the home fleet. As the great armada of liners swung into sight under the escort of the Royal Navy, cheering Canadian troops lined the decks and the band of the flagship played "O Canada." I suppose that seldom in human history have so many great transports and so many powerful ships of war been assembled together at one time. That was Canada making her contribution in the hour of need, and that was only the beginning.

May I be permitted to quote what the editor of *Saturday Night* had to say about this in the issue of April 24 last. It is under the title "A Hymn and a Flag," and reads in part as follows:

Speaking in the Canadian Commons at Ottawa a few weeks ago, Mr. Anthony Eden used for one of his most moving passages a description of the arrival in a British port of the first body of Canadian troops to reach England in the present war. He was not only a witness but a prominent participant, and the account lost nothing in the artistry of his telling. Its climax was a reference to the playing by the attendant bands of the hymn "O Canada" and it occurred to us to reflect how completely that element of the scenario of the great drama would have failed of effect if there had been no Canadian anthem for the bands to play. For the playing of God Save the King, an immensely profound and spiritual a piece of ritual in the proper circumstances, would have had absolutely no reference to the special qualities of that situation, the special significance of that drama. What made the situation dramatic was simply the fact that here were troops not raised by the fiat of the government of Great Britain, but raised by the fiat of another nation three thousand miles away from the European conflict, and yet ready to spend vast amounts of its treasures and much of the best blood of its young men in the same cause in which Great Britain already stood embattled.

Other self-governing dominions are equally fighting by the side of Britain, but if we are not mistaken, none of them can symbolize their unity and their distinct personality by a song corresponding to that of Canada. Australia and South Africa are younger dominions than we are, and their troops land in Britain without being able to announce what they are in the notes of their band. And if it is valuable to Canada to have her special and characterizing song is there any reason to suppose it would not be valuable to have her special and distinctive flag?

Mr. GRAYDON: If I may interrupt my hon. friend, I do not want to destroy his argument, which perhaps has some relationship to the matters which it is understood are now under discussion, but I am not quite able to see the relevancy of the minister's present remarks to the question which is before the house. Perhaps he would be good enough to explain.

Mr. ST. LAURENT: If the hon. member will bear with me in patience for just a few moments, he will soon see their relevancy to the subject now under discussion.

If the strains of "O Canada" announcing to the British people that Canada was fighting by their side, were a noble and inspiring element in one of the great scenes of history, why should not a Canadian flag, proclaiming to all the world the same announcement even before the music broke, have been equally noble and inspiring?

But the applause that came from all sides of the house this afternoon has shown how necessary it has been to say that, desirable as it may be to have a distinctive flag and a distinctive anthem, the selection of the flag and the selection of the anthem would be apt to give rise to such differences of opinion and such debates that it seems the counsel of wisdom not to take our minds off the problems of the war in these critical days to devote the necessary time and attention to debates about matters which, though they are important, are nevertheless of concern only to ourselves.

I submit to you, sir, that the same must be said of any attempt to settle now the proper rules for a fair proportional representation of all the provinces in this house. Does

it require any vivid imagination to foresee the possibilities of serious racial and religious controversy over any proposal to decrease Ontario's representation in this house to the end that the voting strength of the representatives of Quebec might constitute a larger proportion and be capable of exercising greater influence on decisions? It is not always comfortable to be a realist, but it is not always wise to be an ostrich. Statistics do show that over the last two decades the population of Quebec has been increasing more rapidly than that of Ontario. Quebec's percentage of increase from 1921 to 1931 was 21·77 per cent against Ontario's 16·98 per cent. From 1931 to 1941 Quebec's increase was 15·90 against Ontario's 10·307.

Now it has been asserted more than once, not by very many, and wrongly I submit, but nevertheless asserted, that this is the result of a dark conspiracy of "that man" in the vatican and "that cardinal" in Quebec to get control of the government of this country. We all know that the assertion has been made, not by very many, but by some, that Quebec did not supply its quota of men in the armed forces in the last war and refrained from doing so, by design, to save its men in order to father an increasing number of Canadian voters of the French race. We all know that that assertion has been made by some again this time. Well, I deny both the fact and the design. I do not wish to provoke controversy, but I merely wish to indicate the kind of controversy which it seems desirable to avoid.

As to what did in fact arise out of the last war, it may or may not be important, but it is of some interest to note that in 1941 Ontario had 584,740 men in the age group of 40 to 70, and in the same age group 559,944 women. Quebec had 390,064 men and 372,630 women. There is no very great disparity there. The difference favouring the male portion of the Canadian population is something which runs through the whole of these decennial censuses. In 1941 Ontario's total male population was 1,921,201, of which a little over thirty per cent were of the age group 40 to 70. Quebec had 1,672,982, of which 390,064, or 23·3 per cent, were in the age group 40 to 70. That does not indicate that Quebec saved more men out of the last war than Ontario did.

As to this war, I have been talking with men who have returned from overseas, who have had an opportunity of getting about and seeing the state of affairs over there, and according to their impression and the best estimate they could make, 35 per cent of the men in our Canadian army overseas are of the French race. I have cross-examined them about it, and they persist in the assertion that if it were desirable and workable to have an individual census made it would confirm that estimate. That would be a big job to have done accurately, and we all realize that the military heads over there have a lot more important things to do than to sort out the racial origins of Canadians who have gone there as Canadians, and who are prepared and ready to offer their lives for the victory of the united nations.

In the navy and in the air force the situation may be different. But it must not be forgotten that up to the present time, because of the haste with which these services have been organized and have had to be expanded, it has been deemed necessary that all the men enlisting in them be able to take their full courses of instruction in English, and that these services have had to be looked upon as English-speaking services. I know that efforts are being made, and I know of the plans in the course of implementation to provide, if not French-speaking units, at least bilingual units in the navy and in the air force, to such extent, that even if commands and signals have to be given and understood in English, French-speaking members can get together and rub shoulders against each other and speak their own language in their respective groups and ward rooms without being looked upon as indulging in some antics that are not just good form. I know that certain books of instructions, elementary and incomplete if you will, so far, are being prepared to facilitate to the boys from French-speaking homes the acquisition of such knowledge of English as is considered to be indispensable for the performance of their respective duties.

It is difficult, it is inconvenient, but it is not impossible and it is not unreasonable. Some may say, "Well, why should they not learn Englsh if English is the prevalent language of the service in which they are engaged?" Did anyone ever pretend before the capitulation of France that it could not be one of the united nations because its language was not English? Does anyone pretend now that the French forces that are being reorganized in North Africa will have to learn English before they can do their part in this fight? Does anyone pretend that the men on the French ships now joining the naval forces of the united nations will have to learn English before they can confront our common enemy? Would anyone pretend that the government of the United States of America, before making available to the French committee of national liberation in North Africa over $75,000,000 worth of war equipment under lease-lend arrangements, as was reported by Mr. Stettinius a few days ago, should have inquired what language would be spoken by the troops who will be using this equipment against the same common enemy?

Mr. GRAYDON: Mr. Speaker, I rise to a point of order. I have risen once before to make my point of order, and I hesitate to do so again. But I submit that on a question having to do with an amendment to the British North America Act we are going pretty far afield when we go to North Africa. My hon. friend should restrict his remarks to the point at issue. I have not yet been able to see the basis upon which he is making his argument. I know that the minister has something in mind, but I object to the circuitous route he is taking to reach the point. I believe this matter must be drawn to the attention of the house, because the minister should confine himself to the point at issue. Other hon. members are asked to do that.

Mr. ST. LAURENT: I submit, Mr. Speaker, that what I have said is part of the argument I have to offer to the House of Commons. I am endeavouring to submit to the house definite information on certain things, and I believe that is the right thing to do at this time. I am pointing out that there is a time when it will be possible to have accomplished a few things which are to-day looked upon by all the people, or should be looked upon by all the people, as the right and reasonable things to do. And in seeking further to make that argument I am pointing out to you, Mr. Speaker, and to hon. members, that the assertion made from time to time—not here, fortunately, and not by a great many—that there is a sinister plan by members of this nation of French origin and of Roman Catholic religion to get control of the government of this country—

Mr. GRAYDON: Who ever suggested that?

Mr. ST. LAURENT: If my hon. friend has never heard it suggested, then he has not full knowledge of what has been going on in this country for the last quarter of a century.

Mr. POULIOT: The hon. member for St. Boniface thought so, and said it in the House of Commons, but he was wrong.

Mr. GRAYDON: Who was?

Mr. POULIOT: The hon. member for St. Boniface, but he was all wrong. He knows nothing about our problems.

Mr. ST. LAURENT: The leader of the opposition must realize that this proposal, for the time being, is a proposal which will not allow, until readjustments take place, Quebec to have the proper representation it would have by adhering strictly to the rules I cited in the opening of my argument. I do not know whether my hon. friend has compared the figures given, but that is the fact. Saskatchewan and Manitoba would, in a redistribution at this time, get, under the rules I cited, smaller representation. But that would be an unfair situation. It would be a situation the unfairness of which they would see. I wish hon. members to realize that when there is an unfairness apparent in respect of Manitoba and Saskatchewan there is also an unfairness to Quebec apparent at least to those of us who represent Quebec, and that we feel when unfairness is to be removed there should be set a pattern which could be applied to all the provinces.

However, Mr. Speaker, I am prepared to bow to your ruling on the point of order raised by the leader of the opposition. If I am out of order, then certainly I do not wish to remain out of order.

Mr. SPEAKER: The point raised by the leader of the opposition brings before the house the difficulty I might have in confining discussion to the issues of the resolution before the house. We have before us a resolution which is in concrete terms, and it is my view that hon. members should confine themselves to the arguments flowing from the resolution, and that they ought not to introduce matters extraneous to the resolution. I would prefer that the Minister of Justice confine himself to the resolution, making such arguments as he sees fit. I would point out to the house that the resolution before us deals with one subject, and I hope hon. members will confine themselves to that one subject.

Mr. ST. LAURENT: May I just add this, that confederation was accomplished on the basis of a Canadian nation of two races, two main races with two main languages. The provisions therein were adopted to the end that that condition might be perpetuated. And when I am asking members of parliament who are of my race and who speak my language to accept this resolution, I submit I also have the right to point out to them to what extent I realize their position, and to what extent I am asking them to forgo something for the time being, for the sake of avoiding controversy and disputes which would be disruptive of that national unity which we require to achieve in the war we are waging. It is in that sense that I bring these matters before them, so that they may give them their consideration and may, I hope, arrive at the same conclusion I have reached.

The leader of the opposition asked me to explain how I was making this relevant to

the discussion. Well, no one in Canada would pretend that we in Canada should make an inquiry in respect of language in pursuing the negotiations which are now under way for making available to those same fighting French forces a substantial share of the Canadian supplies to be provided under the United Nations Mutual Aid Act recently adopted by this parliament. I wish to instance, as evidence of the possibility of surmounting language difficulties where there is a will to serve and to fight in a common cause, the fact that a great many young French airmen from North Africa are already in or on their way to United States training camps to better fit themselves for their part in the continuation of the struggle.

In view of the traditional bonds of friendship which unite Canada and France, and the fact that these bonds could only be strengthened by the presence of young Frenchmen training with youth of our own country in the splendid establishments which have been set up by my colleague, the Minister of National Defence for Air (Mr. Power), can anyone doubt that it will not be long before French aircrew will be training in our Canadian air schools? Of course there are language difficulties, but difficulties in the way of accomplishing anything really worth while are things for resolute men to grapple with and to overcome.

This house is by the constitution a bilingual house. Does anyone pretend that every hon. member has to learn the two languages before he can take his seat in it? I do not wish to be provocative, but I am entitled to be a realist. The Canadian constitution, as I said a moment ago, was established on the basis of this recognition of the two races and the two languages. There may have been earlier days in our history when it was felt by some that it might be desirable and possible to have a one-language British dependency on the north American continent, but those who cherished such hopes had also to be realists, and the realities were crystallized in the achievement of confederation.

Section 133 of the constitutional act deals with the matter of languages. It provides for bilingualism in this house, in this parliament, in its journals, in its records and acts, and in the pleadings and processes of the courts of Canada established under the act, to the same extent and just as fully as it provides for bilingualism in the proceedings of the Quebec legislature and the Quebec courts.

I am satisfied that the day will come when, if not all those who sit in this house, at least its readers and those who grace the treasury benches and those who sit immediately opposite, will find it to their advantage to be bilingual. I do not suggest that we from the province of Quebec are going to try to impose our language upon anybody, but I do suggest that the time will come when those whom I have indicated will find it to their advantage to learn and to understand and to use the French language as we from Quebec have found it to our advantage to learn and to understand and to use the language in which I am speaking at this moment. Not merely for the purpose of reciting a few lines prepared in advance by some helpful secretary—that is a token which we recognize and appreciate as such—but to make the kind of speech that Lord Halifax made at the last convocation of Laval university in Quebec; the kind of speech Mr. Churchill made in this house in December, 1941; the kind of speech Mr. Eden made as a part of his address when he spoke in this house a few weeks ago; the kind of speech the queen made at the laying of the cornerstone of the supreme court building, or that His Majesty makes on the proper occasions; the kind of speech that Mr. Roosevelt makes from time to time; the kind of speech that Princess Elizabeth will be able to make when she has completed her training for the great role which fate seems to have mapped out for her.

I hope neither Your Honour nor any hon. member will feel that I am forecasting a too onerous burden for you or your successors. It will not be any greater burden than we of the French race assume when we prepare to enter this house or after we get here, or any greater burden than Princess Elizabeth is assuming at the present time. But whether it is a burden or not, I do make the boast that up to the present time, whatever reproach may be levelled against the Canadians of French origin from my province, their contribution to implementing the bilingual provisions of the constitutional act has not been inferior to that of any other group. Perhaps the leader of the opposition may think that I should apologize for this digression, but it must be only—

Mr. GRAYDON: I did not ask for any apology. If the minister feels somewhat apologetic, that is all right, but I have not asked him for an apology. I was listening with a great deal of interest to what he said. I must confess that I might have risen to ask that he confine himself to the points at issue, but I thought perhaps my views on that subject might be misunderstood and I allowed him to go on without any interruption. But, Mr. Speaker, I think in all fairness you should ask the minister to try to confine himself to the resolution which is before the house.

These other things are matters which I think might well be left over for the moment. My understanding of this resolution was that it had to do with an amendment to the British North America Act which would not obviate the necessity of having a redistribution during this session of parliament or for a certain time afterward. Surely we have come now to a point where it will be most difficult for Your Honour to confine the speeches that will be made during the course of this debate. I do say with all kindness and with all courtesy to the very courteous gentleman who is making the speech that I hope he understands the motives behind my making this suggestion. I do not rise in any desire to be carpingly critical of what he is saying, or now to take any issue with him; I rise for the sole object of trying to confine the argument, which Your Honour has tried so often to do in days gone by, and I hope I shall have as much success as Your Honour has had. I would ask Your Honour to ask the minister to confine his argument to the points at issue. Surely he has arguments in his notes which do not cover such a wide field as he is now trying to cover.

Mr. ST. LAURENT: I do not think the leader of the opposition will have much more reason, if ever he had any, to complain about the kind of speech I am making.

Mr. GRAYDON: It is not the kind of speech the minister is making; it is the fact that he is covering ground that has nothing to do with this measure.

Mr. ST. LAURENT: I am not covering ground that has nothing to do with the measure. This is a proposal to make a modification to the act of 1867. Whenever there is any change to be made in that act it must deal with the situation which had to be dealt with by the fathers of confederation, something that might serve to weld into one nation two groups of different origin, of different language, of different religion. Whenever modifications are being made that may be looked upon as infringing upon the privileges secured to one group in favour of another group, it is something which is of broad consequence and must be envisaged in that light. But I have dealt with what I wished to deal with in that respect.

While it is reasonable and proper and appropriate at all times to give full recognition in this parliament to the equality of the races and of those who speak the two prevailing languages, in respect of rights as well as in respect of obligations, there are times when the obligations are such that the whole of our time and our attention and our efforts must be given to properly discharging them. While this war continues our obligation is to prosecute it and to win it, and that requires the united and concerted efforts of the whole of our population. This is not the time to bring up for determination matters which can probably not be determined without debates apt to give rise to aspersions and denials, recriminations and aspirations, to words hotly spoken and perhaps susceptible of being deeply resented. I sincerely feel that because of the predominance of French in Quebec and English elsewhere any attempt to settle at this time a permanent pattern for the proper representation of the provinces in this house might well be such an occasion.

I wish to mention one other reason for postponing this redistribution. Redistribution will not only mean the determining of the appropriate number of representatives in this house for each province; it will mean the redistribution of this representation within each province according to territorial divisions. Now in the past there have been redistributions when the members of the party now led by my chief felt there were deliberate attempts to "hive the grits" and to make "safe seats" for members of the party commanding the majority in the house at the time those redistributions were effected. Of course like charges, absolutely unfounded in fact I am sure, have been made about redistribution statutes passed at times when this party was in power. Unfounded as those charges must necessarily have been, there were probably some people who believed, and there are probably some who still believe, that redistribution committees are apt to keep one eye on the possibilities of future elections. I submit that that is wrong; that should not be. Redistribution should, of course, be based upon the convenience of the public and with a view to secure proper representation for the different localities. But it should also be made with a view to interfering as little as possible with established territorial divisions to which the public has become accustomed.

When I was elected to represent the division of Quebec East in this house I was not unmindful of the fact that for sixty-three years Quebec East had been represented in this house by Sir Wilfrid Laurier and by my own immediate predecessor, the right hon. Ernest Lapointe. During those sixty-three years Quebec East had come to mean something to a great many people, not only to people in the constituency itself but to others. What is true of Quebec East must be true of most of the constituencies in this dominion. The lives of the men who have been associated with them have taken something from them, but in return

have added something to them which it is worth while to conserve. They should not lightly be the subject of decennial changes for any passing advantage of any party or any partisan. They should be established in such manner that they can remain the territorial setting of groups of Canadian citizens towards whom the men sitting in this house have, and feel that they have, specific responsibilities; citizens whom they can get to know not only as individuals but as members of a group capable of common ideals and aspirations and local traditions and even a local pride in the kind of contribution they have made in the past and are making and hope to make in the future, to the welfare of the nation, by and with their chosen representative.

At this time the unit of representation derived from the population of the province of Quebec is 51,213. In that province there are no less than seventeen constituencies with a population of less than 40,000; in Ontario, there are thirty-seven; in Nova Scotia, four; five in New Brunswick; one in Alberta; five in British Columbia. These are practically all rural constituencies, and it may with plausibility be asserted that their population at the taking of the census was affected by the movement of some of their people to urban centres to engage in war industries. Many of them are also actually represented by members of this house now engaged in the glorious task of securing its safety against the onslaughts of foreign enemies. Some of those constituencies might have to disappear, and that would be a matter of serious concern and one which should have serious consideration. Should these men now serving with our armed forces and those who have moved from rural to urban centres to engage in war activities be distured in their present duties by any anxieties as to what might be done to their home constituenecies during their absence?

It is for these reasons that I recommend this resolution to the sympathetic consideration of the house, trusting that in other not too distant days a redistribution may be arrived at that will be fair to the respective provinces, fair to the men who are carrying on our fight, fair to those who feel that the historical significance attached to stable constituencies is something which has more than merely sentimental value.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like to say a word or two with respect to the remarks of the Minister of Justice (Mr. St. Laurent), who has sponsored this resolution.

May I say first of all to my hon. friend that it was with the greatest hesitation that I undertook to inject into the debate any suggestion that he might perhaps better confine his remarks to the subject under discussion. I did so not simply because it was a matter of interest to myself or to the party which I have the honour to lead in this house, but because I felt it was essential that the resolution be adhered to in its present form, so far as the argument of the minister was concerned, from the point of view of the national interest in the larger sense.

I have no idea yet what the real motive was behind the lengthy argument which the minister made. A large part of his remarks seemed to be far afield from the problem to be discussed on this resolution. With every courtesy to the minister may I say in all fairness that I felt that he had presupposed some divisions in the house and in the country with respect to this measure which I believe do not exist. I have felt that it is improper at this time of war, as it is improper even in time of peace, to be even hesitantly provocative, shall I say, with respect to many matters which are dangerous so far as our national life is concerned, and I was sorry to see the minister this afternoon introduce into his argument some questions which I think could more properly have been left out. I do not believe in time of war or in time of peace in presupposing differences between our population or in creating unnecessary difficulties between the ministry and parliament or between different sections of our people. The minister's mention of the national anthem and the national flag I think might properly have been left to another time. The Prime Minister (Mr. Mackenzie King) took a stand on that this afternoon, as he did on a previous occasion in this house; he said this was not the time to indulge in discussions with respect to matters which might easily become inflammatory in a nation at war. With those sentiments I think most hon. members on this side are in agreement, because there are more urgent problems facing this country in time of war than questions respecting the union jack or the national anthem. I can only assume that the minister in his remarks—I am not saying this offensively, because it is a term generally accepted—was bringing in through the back door some propaganda which in his opinion was essential to his argument. But as I listened to it I was unable to agree that it was of very much help to him in support of his resolution.

I have always felt, Mr. Speaker, that in the final analysis we can rely on the people of this country, regardless of their racial origins, to be Canadians, and having regard to that fact it seems to me that all of us should at all

times exercise the utmost tolerance towards those who do not always think as we do. I should like to see this question approached, as I am sure it will be, in a spirit of tolerance, which is becoming not only in time of war but to us as a great people in time of peace as well. I make this plea to the House of Commons because it is my heartfelt view that if there is one thing we need more than another at this time, it is not the presupposition of differences but emphasis laid upon tolerance and upon the fact that all of us are Canadians.

And so I come to this point. We have not won this war yet. The spirit of optimism which seems to have gripped the united nations may become a dangerous optimism unless we as a people understand how to deal with the present situation. While there is every reason perhaps to feel optimistic, nevertheless the fiercest challenge, so far as bloody hostilities are concerned, still lies before us. I have this feeling, and it has become more pronounced since I have sat in this seat as leader of the opposition during this session. I feel that the less we deal in national differences, in partisan differences and all those things that might perhaps divide us and divert our attention from the great object of winning the war the better, and we should frown upon them as members of parliament no matter to what party we may belong. There should be no narrow views and no narrow partisanship in time of war. I do not say that lightly, because, Mr. Speaker, and this house must recognize it, in the performance of its duty as a critic of the government His Majesty's Loyal Opposition sometimes finds it difficult, as an opposition in war time does, to know when to praise and when to strike. But whether it be praise or whether it be criticism, so far as His Majesty's Loyal Opposition is concerned, the praise is praise in the national interest and the criticism is criticism in the national interest, and no other factor must be involved. That is carrying out, as I see it, our duties as members of a war-time parliament. True, we are all prone to err. As someone has said, to err is human, to forgive divine. But it does seem to me that in a war-time period such as this we have a bounden duty to the Canadian people to make sure that whatever utterances we make and whatever action we take in this house shall be directed to the one supreme objective of the better and more comprehensive prosecution of our part in winning this war. So I say to the government and to Your Honour that there have been many times when criticism from these benches has been severe. It has been severe for the purpose of trying to effect necessary reforms in the government's policy. We have endeavoured as much as possible not to criticize for criticism's sake alone.

Having stated our position in this regard, it seems to me that despite the arguments of the minister in developing his reasons for bringing forward this amendment of the British North America Act, we must keep one thing closely in mind in connection with a matter of this kind, namely that we are experiencing war-time conditions of a strange and abnormal character. The resolution includes these paragraphs:

> And whereas the effect of enlistment in the armed forces of Canada and of employment in the production of munitions of war has been to remove large numbers of the population from their homes to serve in and with such armed forces either in other parts of Canada or overseas or to reside temporarily in other parts of Canada;
>
> And whereas experience has shown that such readjustment may give rise to sharp differences of opinion as to the appropriate delimitation of electoral divisions, which differences it is most desirable to avoid while Canada continues at war;
>
> And whereas in these circumstances it does not now seem desirable that readjustment of representation on the basis of the census of 1941 should have to be made during the continuance of the hostilities in which Canada is now engaged, . . .

Herein is contained, I think, the main argument for the measure which is proposed. Had it not been that the minister has inserted in his remarks matters which I regard as totally irrelevant, I would have made my remarks on behalf of the Progressive Conservative party very much briefer than I have been able to do. We recognize the vast changes which have taken place and the abnormal movements of population throughout Canada. We are anxious as a party that no provinces shall have any just grievance in respect to redistribution. Having that in mind, we base our support of this resolution upon the one ground that this is a war-time period when abnormal conditions exist. Because of the war and because of these conditions we feel that it is part of our duty to the nation at large to support the present resolution.

Mr. M. J. COLDWELL (Rosetown-Biggar): I rise to support the resolution of the Minister of Justice (Mr. St. Laurent). It is a time when every attempt should be made to prevent the raising of questions which may lead to bitter controversies between various parts of Canada. The Minister of Justice in his first remarks made what I thought to be an accurate and able analysis of the situation

which has developed as a consequence of the working out of the basis laid down by confederation and by subsequent interpretation by the courts. But in my opinion the position in which this house is placed by a resolution of this description in the year 1943 is, to say the very least, undignified. "We, Your Majesty's most dutiful and loyal subjects, the Commons of Canada in Parliament assembled, humbly approach Your Majesty, praying that You may graciously be pleased to cause a measure to be laid before the Parliament of the United Kingdom", and so forth. The time has come when this country, as a free, independent, self-governing nation within the British commonwealth, where we wish to remain, under one head, to whom we believe this country should be loyal, His Majesty the King, should nevertheless assume the right to decide the destiny of this country and to amend its own constitution in its own way and in its own forms. I know that this it not the time when such could be undertaken. I know that the Minister of Justice in his remarks this afternoon had in view the safeguarding of certain rights which were the basis of the confederation pact. But let me say to him and those who believe with him that, from conversations again and again with members of the British House of Commons, some of them within the last few days, I am convinced that whenever Canada asks for an amendment of the British North America Act —which is, in effect, our constitution—no matter what amendment we may ask, the parliament of Great Britain will accede to the request and adopt the proposed amendment.

Mr. BLACK (Cumberland): Would not that involve the consent of each of the provinces as well?

Mr. COLDWELL: That is the compact theory. The British North America Act is an act of the British parliament. The constitution of this country or any country ought not to be an act of parliament of any other country or any other parliament; it should be an act of the people of the country which is adopting the constitution. Hence I say that I agree with the Clerk of the House of Commons Doctor Arthur Beauchesne when he gave evidence before the committee on the British North America Act, some time ago, I think it was, in 1935, and with that most distinguished civil servant, who passed away a year or so ago, Doctor Skelton, when they both suggested to the committee that preparation should be made for the calling in Canada of a constituent assembly representative of all parts of this dominion with a view to arriving at an amicable, reasonable and fair settlement regarding the constitution or a constitution for Canada. These suggestions at the time were sound and good, and to-day, when we have before us a resolution of this description, in which we humbly pray that the king may cause to be laid before another parliament a measure amending the constitution of our country, we should think over these matters though we may not propose to act upon them during the period of the war. I know, of course, that at present the real power of amendment of our constitution, which is in the British North America Act, is in reality in the hands of this parliament. As I have just indicated, anything we may ask regarding amendment will be granted by the imperial parliament at Westminster. But this is a roundabout and dilatory way of doing something which we ought to be able to do in a direct way. The procedure of passing a resolution by this house and then by the senate praying His Majesty to do something is now outmoded and entirely out of date.

I was looking for what Doctor Skelton actually said in 1935. I happened to have it on my office desk and found it when I returned to the city at noon to-day. Giving evidence before the special committee which this house set up to look into the British North America Act in 1935, he was asked whether the United Kingdom should be retained as an instrument for making amendments to our constitution. He answered:

> I cannot see any reason for such a solution. No other country in the world looks to the parliament of another country for the shaping of its constitution. This solution could only be supported if we believed that Canadians were the only people so incompetent that they cannot work out a solution of their own constitutional problem and so biased that they alone among the peoples of the world cannot be trusted to deal fairly with the various domestic interests concerned.

I think we should face the problems raised by the Minister of Justice this afternoon. I believe we shall have to face them. Perhaps it might have been better had they not been raised this afternoon; nevertheless the time is coming when we must face them, and I hope I shall live to see the day when our two great peoples who have laid the foundations of this country can, by statute, if you will, which I think is saner than the present method, safeguard each other's rights; for we have to recognize that there are rights, and they should be safeguarded in such a manner that they will be safe in reality, and will provide a solution to make this country a more united nation than it is.

As an English-speaking member of this house who has a boy who was taught French by an English teacher, I regret most sincerely that I am unable to express myself in the language of such a large proportion of the members of this House of Commons. I should like to see my own children able to express themselves in that language, and in the last few days I have had the privilege of hearing English members of the British parliament at Westminster rise before a French-speaking audience in Quebec and express themselves beautifully, with ease, and at great length in the language of our French-speaking compatriots. It seems to me that we ought to face these problems, but one problem that we must face soon is that of amending this act ourselves.

For years social legislation could not be passed because we had not the power within the British North America Act to do certain things; and even to-day the provinces, and sometimes this parliament, take shelter behind the terms of the British North America Act, declaring that we cannot do this, that or the other thing which is vitally necessary. Our social legislation is in a disgraceful condition because we have not been able to formulate plans for national social services such as New Zealand and the similar federation of Australia have been able to do within their own countries. With the developing situation in this country, with the outlook for the post-war period, we ought now to be finding ways and means of making it possible to go forward with social and economic proposals. The amendment to the constitution in the present manner is something which no self-respecting member of this house ought to accept without making some sort of effective protest.

Perhaps I have strayed to some extent from the resolution. The Minister of Justice shakes his head. Well, perhaps there is something to be said in my defence in that regard, but I do say before I sit down that we who come from Saskatchewan appreciate the broad-minded manner in which the minister approached the special case of that province and of Manitoba, although I come from Saskatchewan and speak especially for Saskatchewan at the moment. The facts which the minister put on the record this afternoon relating to the surplus of representation of Ontario over Quebec, on the basis indicated, was something, I must say, to which I had not given consideration before. The minister thus makes a very strong case for the province of Saskatchewan at the moment and I was very glad to hear the case made.

We have lost from the prairies a large number of young people and older people as well who have moved away to the east and to the Pacific coast to work or serve in the war. I believe they will return to us, at any rate a large number of them. When that time comes there will be another census, and we can discuss this matter further at that time. What the minister has said this afternoon strengthens the position I have put before the house regarding our constitutional status, and the contention that we should have the right to decide our representation. This house should have the right to amend the constitution of the country in order to do anything that may be of vital necessity at any given time.

May I add one more word. I think there was a great deal in what the minister said about constituencies and the recollections they have of members who have represented them from time to time. At the moment I am thinking of Great Britain. When one thinks of William Ewart Gladstone, the great leader of British Liberalism, one automatically thinks of Midlothian, the Scottish constituency which he represented for so long. Even to those of us who would move forward more rapidly than some others in this house, there is something well worth while in associations of the past. The Minister of Justice mentioned his own constituency of Quebec East, so long represented by the distinguished Canadian who preceded him in the office he now holds; yet we have seen in other parts of Canada constituencies which had been held by men who have made a name in this house wiped out under redistribution. I am glad, therefore, to have the opportunity this afternoon of supporting the resolution introduced, although, as I say, it is rather jarring on my feelings that I have to support a resolution humbly praying another parliament to do the thing which we as a self-respecting, self-governing people ought to have the right to do ourselves.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I wish at once to express my thanks to the leader of the opposition (Mr. Graydon) and the leader of the Cooperative Commonwealth Federation (Mr. Coldwell) for the indication they have given, that in their view the argument which has been presented for deferring redistribution at this time is one which not only commends itself to them but will, they believe, commend itself to the members of their following.

Mr. GRAYDON: Not all the arguments.

Mr. MACKENZIE KING: Well, the argument that it is not desirable to have a political controversy arise at this time, because of any attempt at redistribution in the present session of parliament, if it is possible to avoid it.

I gather that they are in agreement with the government on that particular point, and I believe that they are also in agreement with the government in the view that at a time when several members of this House of Commons are on active service and consequently would not be in a position to attend here or to serve on the committee which would have to do with the work of redistribution, this would not be an opportune time for the house to attempt redistribution.

I rise at the moment, however, more particularly to call the attention of hon. members to certain rules which govern procedure in the house. The reference made by the leader of the Cooperative Commonwealth Federation party to the desirability of amending the British North America Act in a way which would do away with the act altogether and allow this country to have its own constitution indicates how many subjects it might be possible to discuss at this time on a motion brought forward in reference to the amending of the British North America Act in only one particular. I have received an intimation that it is possible amendments may be moved to the motion which is now before the house with a view to discussing other matters which are not immediately related to the question now before the Chair. I believe that members of the house generally would not wish to have a discussion on matters that are not immediately relevant. We have had a long session, there is still a very considerable programme to be overtaken; and it is, I believe, in every way advisable that we should proceed as expeditiously as possible with the measures that are on the order paper. I have no desire to restrict or narrow discussion on the question before the house, but I do feel it is desirable to avoid unnecessary discussion or discussion related to subjects other than that which is immediately set forth in the motion before us. For that reason, Mr. Speaker, I intend to move at once that this question be now put. Standing order 48, under the heading "Privileged Motions", reads:

> When a question is under debate no motion is received unless to amend it; to postpone it to a day certain; for the previous question; for reading the orders of the day; for proceeding to another order; to adjourn the debate; or for the adjournment of the house.

My motion is for the previous question.

Standing order 55, which refers particularly to the previous question, reads as follows:

> The previous question, until it is decided, shall preclude all amendment of the main question, and shall be in the following words "that this question be now put". If the previous question be resolved in the affirmative, the original question is to be put forthwith without any amendment or debate.

Hon. members will see that my motion does not preclude full debate on the motion before the house; it does preclude the consideration of any amendment to that motion. I submit it is in the interest of hon. members of the house and of the country at this time of war that the debate should be confined to the one motion before the house, and I move accordingly.

Mr. SPEAKER: The Prime Minister (Mr. Mackenzie King) moves, seconded by the Minister of Mines and Resources (Mr. Crerar) that the question be now put.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, before the question is put, may I say I am sorry the Prime Minister (Mr. Mackenzie King) did not give this group an opportunity to express itself upon the resolution.

Mr. MACKENZIE KING: My hon. friend is not deprived of doing so. Every member in the house has the fullest opportunity to discuss the motion, on the order paper, but no member is at liberty to move an amendment to the motion.

Mr. NEILL: But the very terms of the proposed amendment of the Prime Minister preclude any further discussion in the house. If the question be now put, then no one can debate the original motion.

Mr. SPEAKER: I refer hon. members to Beauchesne's Parliamentary Rules and Forms, third edition, in which standing order 55 provides:

> The previous question, until it is decided, shall preclude all amendment of the main question, and shall be in the following words, "that this question be now put". If the previous question be resolved in the affirmative, the original question is to be put forthwith without any amendment or debate.

The previous question is moved when the original question is under debate. Paragraph 327 of the third edition states:

> The previous question is moved when the original question is under debate, in order to force a direct vote on the original question before an amendment is proposed. The form of the motion is "that the question be now put". Once it is proposed, the debate may continue on the original question. The previous question cannot be amended but it may itself be superseded by a motion for adjournment. The previous question cannot be moved upon an amendment though, after an amendment has been agreed to, the previous question can be put on the original motion as amended.

Therefore a discussion can take place now on the original motion. Then the question is put, and if carried in the affirmative the original motion must then be moved, without debate.

I would point out to the house that the motion is a concrete, specific motion, and that the debate must be confined within the four walls of the resolution. I ask hon. members who address themselves to the question to keep within the terms of the resolution.

Mr. COLDWELL: Who seconded the Prime Minister's motion?

Mr. SPEAKER: The Minister of Mines and Resources (Mr. Crerar).

Mr. HANSELL: May I thank you, Mr. Speaker, for elucidating the point of order, and also the Prime Minister for pointing out that his motion does not preclude discussion on the main motion. However, I still regret that the Prime Minister spoke before this group had an opportunity to express itself, if for no other reason than that the Prime Minister indicated his pleasure that the leader of the opposition (Mr. Graydon) and the leader of the Cooperative Commonwealth Federation (Mr. Coldwell) had agreed to support the motion. Had he waited, he could have said the same thing about this group.

Mr. MACKENZIE KING: I had intended following immediately after the leader of the opposition, and it was only because I noticed another hon. member was on his feet that I desisted. But I do thank the hon. member for what he has just said.

Mr. HANSELL: Now that the coast is clear, may we express ourselves on the resolution itself? I think this group is of unanimous opinion that there should be no redistribution at this time, and that the exigencies of war and the unsettled state of affairs in the country, brought about by the movement of people from one province to another, do not tend to the best interests of such a redistribution. I do not think I need debate that point particularly.

In expressing myself with respect to the resolution, may I point out that I do not commit the party to which I belong to the views I express. It does occur to me that if Canada is what we have been led to believe it is, since the enactment of the statute of Westminster, namely, that we are now a nation capable of running our own affairs, we should not therefore have to go to the parliament of the United Kingdom to change our constitution. That is my own view. I am not the first one who has said that there should be the closest possible relationship between the United Kingdom and Canada. I was born in England; my mother and father were born there, and our family has been English for generations. I came to this country as a young lad and, with the exception of a few years in the United States, finishing my education, I have lived here ever since. I am therefore a Britisher, and absolutely loyal to the British crown.

However, I am not a constitutionalist. I know very little about constitutional law. And if there may be some little constitutional technicality which causes us to go to the parliament of the United Kingdom when we want to change our constitution, I am afraid I shall have to leave that technical point for the lawyers to fight about. I am not prepared to do it. But I am quite certain of this, that the spirit of the statute of Westminster is that we are masters within our own household. Therefore I do not see the propriety of having to go to the parliament of the United Kingdom when we desire to change our constitution. That is particularly obvious at this time because, so far as I am concerned, the postponement of a redistribution is a very small thing. It may come next year or the year after; we do not know. We recognize that it must come from time to time. Certainly it is a meagre thing in the general progression of events. It has to be done some time; and yet simply because we now find ourselves in a war, and believe it desirable to postpone the redistribution until some other time, we have to trot over to the United Kingdom and ask the parliament over there to enact a special piece of legislation in order that we in Canada might defer the redistribution. It has been said that His Majesty is King of Canada. But it would appear to me that we must appeal to His Majesty as King of the United Kingdom.

There is another point I would make here. I have always felt that the will of the people must be the constitution of the nation. I could never see where the will of the people must therefore automatically become the business of another parliament. I quite agree that the foundation of our constitution must be based upon great principles such as the principle of justice, the principle of freedom of action, and the principle of the freedom of religion. I realize that constitutions must be founded upon those great principles. But I still believe that there are times in our history when constitutions must be changed, because we are living in a rapidly progressive age. We read from our libraries scientific textbooks written only ten years ago, but we find that to-day they are out of date. We are not living in the days when our present constitution was enacted. In these days communications are different, and methods of

transportation change rapidly. Who would have said ten years ago that the transportation system of the nation would have grown and changed as rapidly as it has? All these things must be taken into consideration when we desire that a constitution should reflect the will of the people.

If I might venture a new idea or a new suggestion, I would advocate that a confederational conference be held, say every ten years, to which every province would send representatives. If it were desired, I would have no objection to the British government being represented at such a conference. The provinces could come together to reflect the will of the people in this rapidly changing age. We must recognize that many things are changing. Even our present government are doing things to-day—it may be said that they are doing them under the stress and strain of war—which they never would have countenanced even three or four years ago. It is a foregone conclusion that some of the things they are doing now will continue to be done even after the cessation of hostilities.

I am not going into a debate on monetary policies, but we know that monetary policies are changing. I believe that if such a confederational conference could be held, the provinces could talk over their constitutional position as related one to another and as related to this dominion parliament. Resolutions could be passed which should receive the widest publicity, and perhaps the following year this parliament could act upon those resolutions after the people had been able to register their reactions to the recommendations. I believe that something of this kind would keep the constitution up to date and still retain within it those great and vital and basic principles of peace, law, order, justice and freedom.

In conclusion, I just want to say again that we support this measure, not because it calls upon His Majesty to have the parliament of the United Kingdom enact a bill, but because we believe that in this day redistribution should be postponed until a more appropriate time.

Mr. FREDERIC DORION (Charlevoix-Saguenay) (Translation): Mr. Speaker, in taking part in this debate, I wish to discuss the question strictly on its own merits, that is by keeping to the resolution which is before the house; and I will do so, not so much as a citizen of the province of Quebec, but rather as a Canadian citizen; just as, since I have been in this house, I have always tried to discuss the questions which were submitted to us.

Before going into the merits of the subject, I think it is my duty to congratulate the hon. Minister of Justice (Mr. St. Laurent) on the last part of the declaration he made this afternoon. Far too seldom are clarifying statements of such character heard in this house. On the other hand, far too often are incomplete statistics used to support the claim that the citizens of the province of Quebec do not contribute to the war effort as much as they should.

Mr. Speaker, the resolution before the house is very important because it concerns the constitutional act of our country. This constitution of ours ought to be the object of the greatest care, for, to my mind, since 1867, we have changed the constitution far too often for no reason at all. I consider that, for the most part, the amendments brought about since 1867 were not justified. This constitution has become neither more nor less than a municipal regulation which is amended to suit all sorts of so-called purposes, to provide for any opportunity which might arise. The present proposed amendment is all the more important since it directly concerns the very essence of our democratic system, the representation of the people in this house. That is why it is of such capital importance.

I am somewhat surprised to find that this resolution is brought before the house by the Liberal party actually in power, for it seems to me that in the not too distant past, the Liberal party championed and defended the constitution of the country. I remember right well that in 1926 it was used as a *cheval de bataille,* and very successfully at that. If I am not mistaken, the Liberal party fought the 1926 election by claiming that we were in the midst of a constitutional crisis and they appointed themselves the guardians and protectors of our constitution. That is why I am somewhat surprised to see that now, for a reason that is worthless—as I shall prove in a moment—still another amendment to our constitution is proposed.

This resolution is so important that it will be no news to anyone if I recall that in 1935 a special committee of this house was appointed to study what procedure should be followed to amend or revise our constitution, the British North America Act.

I have on my desk the report of that committee. I notice that authorities on the subject

appeared before the committee and I should like to give their names. They were Mr. Edwards, K.C., deputy minister of justice; Mr. Skelton, under secretary of state for external affairs; Mr. Maurice Ollivier, K.C., joint law clerk of the House of Commons; Mr. W. P. M. Kennedy, professor of law at the University of Toronto; Mr. F. R. Scott, professor of law at McGill university; Mr. McL. Rogers, professor of political science at Queen's university, and Mr. Arthur Beauchesne, clerk of the House of Commons. That committee inquired into the advisability of amending the existing rules and especially they investigated the procedure that should be followed with a view to amending or revising, as I said a few moments ago, the British North America Act. What is most important is that the members of that committee, of this house, deemed it proper, before taking any decision on that serious matter, to consult all the provinces of this country in order to ascertain what they thought of the plan.

I find here, in the report of April 2, 1935, the telegram sent by that committee to the various provincial attorneys general. It reads as follows:

"The special committee of the House of Commons on the British North America Act desires to have the views of your government with respect to methods of securing amendments to said act. The resolution referred to the committee follows: 'Resolved, that in the opinion of this house a special committee should be set up to study and report on the best method by which the British North America Act may be amended so that while safeguarding the existing rights of racial and religious minorities and legitimate provincial claims to autonomy, the dominion government may be given adequate power to deal effectively with urgent economic problems which are essentially national in scope.' While the committee does not object to the personal attendance of a representative of your government it was thought less costly to ask for a written submission. Copies of proceedings have been sent you, please intimate when we may expect to receive your submission.

Now, the provinces replied to those telegrams. And what amazes me to-day, Mr. Speaker, is that some hon. members from all those provinces apparently deem it their duty to support the passing of this resolution. I wonder whether the feeling that was voiced in this house to-day is really entertained by the electors to whom reference has just been made in such lofty terms. I have here the replies of the various provincial governments. They deserve to be put in *Hansard*, because the matter is important. Here is the answer given by Prince Edward Island:

Prince Edward Island.—"Your wire March twenty-seventh government of Prince Edward Island is of opinion that dominion government should formulate its plan and policy for the purposes intended and that this should be submitted to the provincial governments and afterwards discussed at a conference of representative of the provinces and the dominion. Signed by H. F. MacPhee, Attorney-General."

New Brunswick.—"Will wire views as soon as available. Delay unavoidable. Signed by W. H. Harrison, Attorney-General."

Nova Scotia.—"Our legislature now in session and most difficult to attend to matter of this kind now in way you suggest. We feel matter should be approached by conference between representatives of provinces and dominion, where each would have the views of the other and ample time to discuss the matter. Signed by J. H. MacQuarrie, Attorney-General."

Quebec.—"Your telegram received. Surely the committee cannot expect that the views of the province of Quebec will be discussed by an exchange of telegrams or letters. In a matter of such importance I suggest that a conference of the dominion and the provinces should be held. Signed by L. A. Taschereau, Attorney-General."

Ontario.—"Province of Ontario does not desire to make any representation before your committee re British North America Act amendment, as no good purpose will be served by attempting to advise dominion government at this time. Signed by A. W. Roebuck, Attorney-General."

Manitoba.—"With further reference to your telegram of the 27th March to the Attorney-General and to his reply of the 5th instant, the government have now had an opportunity of giving consideration to the suggestion that it should make a written submission regarding the subject matter that is before your committee.

"The government of Manitoba is of the opinion that the subject matter referred to in the resolution is one of such importance that no written submission, setting out our views in reference to it, should be made without a conference with the other provinces and the dominion government. We would be willing to attend such a conference at any time, with a view to arriving at a definite method of procedure for making amendments in the British North America Act. Signed by John Bracken."

Saskatchewan.—"Referring to your telegram of the 27th day of March wherein you request the government of the province to make representations either orally or by written memoranda as to the methods of procedure which this province would suggest in connection with amendments to the Canadian constitution, I would say that I have been following with intense interest the proceeding of your committee. The question of what, if any, provision is to be made for amendment of the Canadian constitution from time to time in a question which

ultimately must be decided by conferences between the governments of the provinces and the government of Canada with the possibility of a previous preliminary interprovincial conference. In view of this fact it would appear to be unwise for the provinces to be giving their views before a committee of the House of Commons. With due deference, might I be permitted to suggest that the proper procedure is for your committee to pursue its present inquiry and to make a report to the House of Commons, which I presume will either be accepted or amended or merely received without binding the government to accept the proposals of the committee and with this report available the provinces could then give consideration as to what attitude they desired to take and perhaps discuss the matter amongst themselves, and thereafter join with the federal government in a general conference. The report of your committee would serve as a basis of discussion around which would take place the ultimate solution of this problem. We realize that the question is one of great national importance and should be decided in the welfare of Canada free of all political considerations, and we are certainly prepared to do our share towards the facilitating of a solution, but we feel that we must look after the interests of the province and think that the procedure I have outlined would be the proper course for us to adopt at this time. Signed by T. C. Davis, Attorney-General."

Alberta.—"Re amendment British North America Act. Alberta government appreciates desire of committee to have views of all provinces before it on this very vital question but considers approach to question should be through interchange of views at interprovincial conference. Signed by Mr. Lymburn."

British Columbia.—"Reference your wire twenty-seventh to Attorney-General requesting written submission from the government of this province to your committee it is the opinion of the government that amendment of the constitution is too important a matter to be dealt with in manner suggested. It is not thought that satisfactory conclusions can be reached either federally or provincially until a conference of the provinces and the dominion is held when full discussion may be had and matters properly debated. Other than stating that the right should be secured to amend our constitution in Canada this province respectfully declines to make submission to your committee, neither will it feel bound by any report which may be made by your committee. Signed by T. D. Pattullo."

And there you have testimonies from the various provinces of the country, given after they had been requested to express their opinion on the proposed amendments to the British North America Act.

After having proven that this question is of paramount importance, to use an expression often found in resolutions of this nature, let me point out that the only reason brought forward and alluded to in this house this afternoon, for the postponement of the redistribution, is one that is mentioned in the resolution itself, that is the movement of the population brought about by enlistment in the armed forces of Canada and the employment of large numbers of our citizens in war industries. For how long is it proposed to postpone this readjustment? Until the coming of the session following the signing of peace with Germany, Italy and Japan. Mr. Speaker, the following question comes to our minds: Is the government of our country convinced that the present state of war is going to last until 1952 or 1953?

As we all know, the last census was taken in 1941. This resolution does not request that the constitution be amended so as to allow the taking of a new census after the war; no, it requests that the readjustment be postponed under the pretext that a displacement of the population of the country has taken place. However, if the readjustment takes effect in two or three years from now, I would ask the Hon. Minister of Justice (Mr. St. Laurent) on what census it will be based if not on that of 1941? The reason put forward is worthless. I repeat it, to be logical, the resolution should request that the taking of a new census be authorized immediately after the war. However, if the readjustment should take place in two or three years from now, if the war should end this year or next year, as we all hope, if the readjustment is proceeded with in 1944 or 1945, of necessity the 1941 census will be used for the purpose. And what difference would there be during the session that will follow the end of the war?

Mr. Speaker, another proof that this reason is worthless lies in the fact that in 1941, as every one ought to admit, we were merely remedying unemployment, which had been extensive in our country for over ten years. New industries were then in course of development but not to the extent of causing a displacement of population. In fact, the increase in industrial production did not become apparent much before 1942. Here is a publication from the department of Munitions and Supply which illustrates the state of our industrial production in the years 1941 and 1942. If it be advanced that, at that time, there was a displacement of population, due to war industries, I say that this statement is unwarranted. From this report

published by the Department of Munitions and Supply, I quote the following statement appearing on page 24:

Before the war the Canadian aircraft industry employed less than 1,000 people and made only a few single-engined planes and flying boats each year. In the 1939-40 period, Canadian aircraft production was just beginning its war programme which reached a value of $42 million. The following year it jumped to $102 million. In 1942, despite a radical changeover to new types and a general expansion and stabilization of the programme, aircraft production jumped to $235 million from a coast to coast chain of strategically located plants.

In the 1939-40 period the value of the dominion's mechanical transport production was $119 million. In the following year it was $206 million. Last year the output was almost doubled at $404 million.

A vast small arms industry has been created. November production of these weapons was 90 per cent greater than the output for all of 1941.

The manufacture of filling for Canadian ammunition is another huge industry in itself part of a chemicals and explosives output on a colossal scale. In 1941 it climbed to $50 million. That production was more than doubled in 1942 to a total of $121 million.

Armoured fighting vehicles were produced to a value of $160 million in 1942, an output eight times that of the previous year.

Which means, if I correctly read and understand the reports of the Department of Munitions and Supply, that industrial production, the war production of this country, was carried on in 1942 and, as I was saying a moment ago, the country was barely able, in 1941 to offset the effects of the unemployment which had prevailed for so many years. That is why, when the government claims, in the resolution, that there was a movement of population at the time of the last census or since the start of the war, I say it is not altogether true, because of the statistics I have just quoted. I say there has been no movement of population prior to 1941, before the census taken in June.

And now, Mr. Speaker, as a final point, I should like to submit to the house that if it is desired to amend the constitution in regard to the redistribution of constituencies, we should avail ourselves of this opportunity to restore, in a full spirit of justice and equity, the true representation of the provinces in this house. This is what I mean: In 1865, those who have been called the Fathers of Confederation started to hold meetings in various localities, first in Charlottetown and then at Quebec, to propound resolutions which were to give birth to the British North America Act. Those resolutions were recorded in our archives. The same statesmen met in London in 1867 to propose new resolutions based on the resolutions formulated at Quebec in 1865. Now when the British North America Act was adopted by the Imperial government, one clause which has been included in the Quebec Resolutions and in the London Resolutions was overlooked and ignored; and it was then that subsection 4 of section 51 was enacted.

In 1865, the Quebec Resolutions established in the first place resolution 17, which reads as follows:

The basis of representation in the House of Commons shall be population, as determined by the official census every ten years; and the number of members at first shall be 194, distributed as follows:

Upper Canada	82
Lower Canada	65
Nova Scotia	19
New Brunswick	15
Newfoundland	8
Prince Edward Island	5

Resolution 18 reads as follows:

Until the official census of 1871 has been made up, there shall be no change in the number of representatives from the several sections.

Resolution 19 reads as follows:

Immediately after the completion of the census of 1871, and immediately after every decennial census thereafter, the representation from each section in the House of Commons shall be readjusted on the basis of population.

20. For the purpose of such readjustments, Lower Canada shall always be assigned sixty-five members, and each of the other sections shall at each readjustment receive, for the ten years then next succeeding, the number of members to which it will be entitled on the same ratio of representation to population as Lower Canada will enjoy according to the census last taken by having sixty-five members.

21. No reduction shall be made in the number of members returned by any section, unless its population shall have decreased, relatively to the population of the whole union, to the extent of five per centum.

Later, in 1867, there were the London Resolutions which correspond to sections 17, 18, 19, 20 and 21 which I just read. These are sections 18, 19, 20 and 21 of the London Resolutions. And section 22 of the London Resolutions reads as follows:

No reduction shall be made in the number of members returned by any province unless its population shall have decreased, relatively to the population of the whole union, to the extent of 5 per centum.

Now, Mr. Speaker, I wonder how we happened to have subsection 4 of section 51 which was, as I just stated, contrary to that agreement. I am not for the moment interested

in the question as to whether the British North America Act is a statute, a contract or a pact, but on the other hand there is one thing which nobody can deny, namely, that that pact of the British North America Act is based on an agreement, an agreement which is found in the Quebec Resolutions and the London Resolutions, and I say that that agreement, so far as representation is concerned, has not been complied with in the British North America Act. That is the reason why I say that since our constitution has to be amended with respect to representation, we should do so in a spirit of justice and equity, in the spirit of the confederative pact, a true pact if there ever was one, which gave birth to the Quebec Resolutions and to the London Resolutions, and that the government should have subsection 4 of section 51 struck out, or at least amended within the meaning of the Quebec Resolutions and of the London Resolutions. Then we could say that we have a resolution based on a spirit of understanding and equity, based on that spirit which actuated the fathers of confederation to whom the Minister of Justice so eloquently referred this afternoon.

One last point, Mr. Speaker. As other speakers have pointed out before me, our behaviour is again that of a colony. We are applying to another legislative body to have our constitution amended. On this point, many criticisms have been expressed by competent authorities and I only wish to say a few words on this matter and point to the fact that we have to apply to another parliament, to the British parliament for the amendment of our own constitution.

First allow me to quote the words spoken in this house by the Prime Minister on the 1st of July, 1943. Like many other Canadians, I was proud to hear the Prime Minister say the following, as reported at page 4226 of *Hansard:*

In the course of the last great war, we saw general recognition given to Canada's status as a nation; a status later accorded full recognition at the imperial conference of 1926, and still later confirmed by the parliament of the United Kingdom in the statute of Westminster. In the course of the present war, we have seen Canada emerge from nationhood into a position generally recognized as that of a world power.

In the greetings which have come to the government from many parts of the British commonwealth, and from foreign countries, this note has been predominant. The consensus is summed up, I believe, in the following paragraphs, which, according to a Canadian Press cable, appeared to-day in a leading London newspaper:

Britain and the empire join in a salutation on the dominion's 76th birthday.

They hail her not only as a member of our group of peoples, but as a world power in her own right.

Such is the energy of her people that industrially, and by measure of armed power, Canada ranks fourth in all the company of the united nations.

And to-day, a few days only after the utterance of such a statement which, as I said a few moments ago, could inspire many Canadians with pride, a bill is brought down in this parliament, by which we are requested to ask another parliament, supposedly of the same rank, to be kind enough to amend our constitution. It seems to me, Mr. Speaker, that this is such an abnormality that, to be logical, we should not be content with denouncing it, but rather we should take a strong stand against it and oppose this resolution.

And that is not all, Mr. Speaker. A short while ago, I called your attention to steps taken by various provinces, but something of greater importance still has happened in the country and this fact should appeal to the spirit of justice and fairness which should guide us in proceeding with any proposed amendments to the British North America Act. One province protests officially against this amendment. Here is a Quebec newspaper, *Le Soleil*—and I might say in passing that *Le Soleil* is, according to its own word, the Liberal mouthpiece and consequently friendly to the Prime Minister and Mr. Godbout. I quote the following from the third page of *Le Soleil,* of June 23, 1943:

Godbout Sends to Ottawa a Protest Against a Breach of the Constitution

Hon. Adélard Godbout, prime minister of the province of Quebec officially protested yesterday against the desire on the part of the dominion government to override the Canadian constitution in order to postpone until the end of the war the redistribution of Canadian constituencies. The prime minister made that important announcement yesterday afternoon, in the course of a discussion raised on that matter by the leader of the opposition, Hon. Maurice Duplessis.

The leader of the opposition stated in the house that the dominion government have decided to request the Westminster parliament to override the Canadian constitution so that the dominion government may not be compelled at this time to redistribute the constituencies according to the 1941 federal census.

Mr. Duplessis said that such a precedent would be detrimental to the province of Quebec and that it was an infringement upon the confederation agreement. According to the leader of the opposition, the Westminster parliament does not attach enough importance to provincial rights, and the confederation agreement is a

contract which cannot be amended without the consent of the parties involved. The leader of the opposition said that the French Canadians intend to respect the rights of others but that they want their rights to be similarly upheld.

Hon. Mr. Godbout stated that the leader of the opposition was justified in asserting the rights of his compatriots in that connection. He added that the provincial government had already drafted a protest which will be forwarded to Ottawa at once.

By now, that protest must be in the hands of the government of this country and that is why I say that this resolution should not have been moved at this time. Reference is often made to national unity; under that pretext of national unity a group of the citizens of this country are sometimes asked not to demand self-evident rights, but in the last analysis we must always ascertain whether the principles of justice and equity are observed in such matters. In conclusion, as I said at the outset, I believe that I have discussed this matter, not in a partisan spirit, but on its merits. As long as the government do not advance better reasons than those stated in their resolution for amending the British North America Act, I believe every man who is fully aware of the importance of his mandate in this house is in duty bound to oppose that resolution.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. J. SASSEVILLE ROY (Gaspe): Mr. Speaker, after it had been announced in the speech from the throne that the government would proceed with the redistribution bill, the introduction of this resolution in the house, and the way in which it is worded, greatly astonishes me. I am also greatly disturbed by this proposed breach in the constitution.

Before I proceed with my remarks on the resolution itself, I should like to join with the hon. member for Charlevoix-Saguenay (Mr. Dorion) in extending congratulations to the Minister of Justice (Mr. St. Laurent) upon the last part of his speech this afternoon. Attractive as it seemed, and in spite of all its effectiveness from an electoral point of view, it remains only a fine speech. I do not think it will do anything to heal the breach which we now see being attempted.

May I recall to my hon. friend that we have had fine speeches in the past. I remember very well the speeches we used to hear in the province of Quebec, the promises and pledges that were given, simply for the purpose of winning an election, as was admitted by the Prime Minister (Mr. Mackenzie King) in his speech on the plebiscite on January 26, 1942. We know exactly what resulted from those fine speeches and promises. A little later, in 1942, we had a plebiscite asking Baptiste to forgive the Prime Minister and the government or the Liberal party for those fine speeches and promises that had been made in the province of Quebec, but at the same time John was asked to overlook the Prime Minister's promises. Well, Baptiste refused to overlook them and John forgot them, and the Prime Minister took advantage of that situation to forget all the fine speeches and promises which had been made in the province of Quebec in the past. This very recent experience is a good lesson to us all.

That is the value of fine speeches. I will not go over again what has been said about this pretence to the effect that there has been a demographic movement in the population from certain provinces since the census was taken in 1941. I think that has been fully covered by the hon. member for Charlevoix-Saguenay, and what he has said should convince us that the situation will be precisely the same after the war, which I suppose will be in 1944 or 1945.

We shall proceed then on the very same figures and the same census, and I do not see what difference it can make.

There is another paragraph, however, to which I would call Your Honour's attention. It reads:

> Whereas experience has shown that such a readjustment may give rise to sharp differences of opinion as to the appropriate delimitation of electoral divisions, which differences it is most desirable to avoid while Canada continues at war. . . .

I suggest that this pretence is even weaker than the one I mentioned before. The government has not shown very great wisdom in this statement; it has not proved that its psychology is sound. I am amazed that the government and so many hon. members should fear some bitter differences of opinion over redistribution. Should we have proceeded with redistribution, such an action would not have imposed injustice on anyone. But the manner in which we are proceeding does imply great injustice to one province, and the government is not at all afraid, it seems, that some discussion will arise over it. That is one thing I cannot understand.

I was amazed to listen to all these gentlemen this afternoon all speaking very well, offering to support this resolution and concurring in the Prime Minister's argument that we should not raise this question on the floor of the house in this time of stress during the war.

It is easy, when certain political groups are not concerned with the province of Quebec, seeing that none of them have any representatives from that province to praise this resolution as something beneficial to us. It is also quite easy for such hon. gentlemen to display generosity in appealing to others to remain calm and to refrain from discussing these matters, on the ground that we are at war. Like the Prime Minister himself and the Minister of Justice, these hon. gentlemen fail to realize that, by the very fact that, in so doing, they bring the evidence that, should the matter of redistribution have been brought before the house, they would themselves have been the cause of a discussion they want to prevent. They do not seem to realize that it implies the admission that, should the matter be brought before the house, there would be some discussion about it. They are simply asking others who do suffer the injustice involved in this resolution to remain quiet, and they are trying to be as agreeable as possible in doing this.

It is difficult to make me believe and to make the rest of the province of Quebec believe that it would be a crime to proceed with the redistribution. If unity, peace and harmony are to reign in this country, they will reign in the exact measure that contracts and pledged words are honoured. The faith of the people in the constitution and in the grandeur of the ideal which it embodies will be but equal to the respect, the worth and the dignity of our constitutional system; and if we do not want to have any trouble; if we do not want to expose ourselves to the danger which already threatens in Quebec, in the movement which is called separatism; if we do not want that movement to spread to such an extent as to jeopardize the constitution, as breeches of the principle of the constitution such as this would bring about; if we do not want to jeopardize the confederation, then we should not support any resolution or move of this kind.

It is really curious to listen to everyone making eloquent speeches, trying to give proof of good intentions, and a friendly spirit toward Quebec. It is curious to see that in different localities, when it has been desired to make some changes in the constitution, the province of Quebec has always been sacrificed. We can understand why Quebec, with sixty-five constituencies, as was explained this afternoon by the Minister of Justice, from the British North America Act, has had to suffer many times in the past. This agreement has been detrimental to that province as far as influence in the house and in Canada is concerned. But that is the constitution to-day. As it stands, there are no fewer than twenty-one seats in Canada in excess of the number there should be, in consequence of this provision of the constitution. In other words, Quebec actually has proportionately six members fewer to exercise some influence with the rest of Canada. That is one of the reasons why we oppose this resolution.

There is another reason more important than one, namely, a breach of principle. In the eyes of some it may be difficult to understand why we adhere so strictly to the principle of the contract and the constitution itself. Well, there are many reasons for that. I shall give some of those reasons which may serve to explain to hon. members why we have reason to oppose the resolution. For this I must go back a piece into history.

First, we feel that we must maintain provincial autonomy as it is, and that we must safeguard all the rights extended to us by treaties and by the constitution itself, in order that we may achieve the maintenance of French culture and French traditions in Canada. Canada was first discovered by Jacques Cartier, and afterwards was settled to some extent by Champlain. Following that, our missionaries and explorers had walked over and watered with their sweat, tears and blood every foot of land between Louisiana in the south to the Mackenzie river in the north; afterwards the territory was all surveyed and mapped and all civilized; thus we have been conquered by force. Force was the only way to make conquest, of course; and that is still true to-day.

At the conclusion of that war we were given by the highest authority in England what in those times was considered fair treatment. Despite the fact that in 1787 and 1812 our forefathers fought side by side with the forefathers of the majority in this country to keep the country under the control of the British crown, there has always been a small group in Canada inspired by bigotry which has caused trouble through the years. So much so that in 1837 we saw a revolution in Lower Canada. Matters went from bad to worse until 1840, the time of the Act of Union, a measure which imposed on Lower Canada the obligation to pay $100,000,000. Might I point out that in those times a sum of that magnitude, having in mind the small population in Quebec, would have compared with a sum of not less than ten billions of dollars to-day. Imagine the burden an amount of that size imposed on the colony of Lower Canada!

Since confederation there have been many breaches made to the confederation pact. If these breaches continue, it is our fear that step by step we shall have lost all the rights granted to us by the British authorities and by confederation. That is why we protest against

this resolution. That is the reason why we ask the majority why it has not presented a resolution or made a suggestion of the kind I am about to submit. If it is not deemed proper under present circumstances to make this redistribution, then why might we not suggest an amendment to the constitution by a process which would not have been a breach of principle, and which would have ensured that Quebec be given a number of seats sufficient to equalize her representation with that of other provinces. That would have satisfied all those who do not want to lose representation; it would have protected the rights of all, and it would have meant an equal distribution of representation for Quebec. This would have been fair, but no one has thought of such a means to adjust the situation, a process which would have been fair to all.

Before concluding my remarks, may I make an appeal to all hon. members asking them to consider carefully the dangers contained in this measure to the constitution and unity of Canada. In the past we have seen some bigotry, and there are still some behind the scenes who take a narrow view. Yet, in the past there have been men who at the proper time would raise their voices—I think of Baldwin, MacNab and Macdonald. There have been men in times past, men whose names are famous and glorious to-day. And it is my hope that there will be men in this House of Commons to-day who will seek to show the injustice contained within this resolution, and who will be careful and prudent enough to see that the unity of Canada is not threatened by this injustice.

Hon. P. J. ARTHUR CARDIN (Richelieu-Verchères): Mr. Speaker, the resolution now being considered by the house contains in my humble judgment a dangerous procedure to which the House of Commons should give serious consideration before adopting it in the form in which it has been couched on the order paper. For a number of years it has been admitted in all branches of public opinion that no serious change should be made in the British North America Act without the consent and approval of the parties to the contract. I admit that in the past the federal parliament has been dealing from the point of view of its own authority, and has been amending the British North America Act without consulting the provinces which are a party to that contract. But I repeat that that at least within the last few years the opinion has developed throughout Canada that the British North America Act should be considered as a sacred contract among associates, those associates being the provinces, and that nothing should be done to modify it without the approval of the contracting parties.

We have had that experience when we have dealt with the necessary amendments to permit the federal authority to deal with unemployment insurance legislation. There are many other instances in which, before making any move, we have consulted the different provinces composing the Dominion of Canada. To-day we are going to touch upon one of the fundamentals of the British North America Act without consulting the provinces, and despite the protests made by at least one province.

I claim that it is a breach of our promise, and that not only are we not dealing properly with Quebec, but also with regard to other small English-speaking provinces. I make that statement because some small English-speaking provinces will be affected by the result of the application of the principle embodied in this resolution.

English-speaking provinces in Canada have been suffering in their representation in the House of Commons by the application of the principles laid down in the British North America Act. They stood it; they accepted it, because they wanted to respect the principle that was the corner-stone of our understanding and of our existence as a dominion. Ontario, herself, accepted a reduction in her representation in the House of Commons when, following a census, the number of her representatives was reduced. The maritime provinces, more than any other of the provinces of Canada, have suffered. They accepted the reduction until such time as it was quite apparent that the reduction being imposed upon them was too great and would interfere with the proper representation of those provinces in the House of Commons. There was a limit fixed in order to prevent the representation of those provinces in the House of Commons from going below a certain number. That is to their advantage now. Now, other provinces, fearing the application of the principle laid down in the British North America Act, are trying to preserve their representation in the House of Commons when the maritime provinces have lost theirs.

This is not fair to Quebec or to the other provinces whose representation has been fixed or which has been reduced by the application of the British North America Act. This should not be done.

I have no patience with the reasons given in the resolution. They do not appeal to me at all. They should not appeal to any assembly of responsible men, of men capable

of facing their responsibilities and dealing with them as true representatives of the Canadian people, even under the difficult circumstances which are facing us to-day. This resolution really states that the representatives of the people in the House of Commons are incapable of dealing properly with an important problem in the troubled days through which we are passing. It is to the discredit of members of parliament to have it asserted and established in a resolution of this kind that we in this parliament cannot, without fighting like wildcats, adjust our representation as reasonable men who are ready to understand each other. I cannot subscribe to such a theory.

What are the reasons given? First, the war. Have we not since the beginning of the war been dealing with problems just as important as this one? We had the plebiscite which was capable of upsetting the friendly relations and good understanding among all citizens of Canada. We went through that without any trouble; we went through that like men capable of understanding each other's point of view. But too often we are postponing and postponing such questions until the war is over. Why are we here? Why do we not go home if we cannot deal properly with this problem? Other dominions, such as South Africa, are facing even general elections. It is much more dangerous to fight a general election, as they are doing in South Africa and as they have done in Ireland, than to adjust our representation in the House of Commons. It is ten times more difficult. That is not the reason.

Then it is said that because of enlistments the population of certain provinces has been reduced. But, sir, men who have enlisted have been registered as being in their constituencies in 1941. They have not been registered in England or in any other part of Canada, but only at the place of their residence. Then changes on account of employment is given as a reason. Most men who have left one province to work temporarily in another were registered before they made their move. They will not be handicapped. We would not proceed as conditions are in 1943, but on the situation existing in June, 1941. At that time very few men had migrated to other provinces to obtain work.

All that was known on January 28, when this session began. We were at war when the speech from the throne announced that we were to have redistribution. On two occasions in May last we were told by the Prime Minister, and even later on, on May 31, by the Minister of Mines and Resources (Mr. Crerar), that we were to have redistribution. Were we not at war then? We were at war then, and the arguments that are being advanced now were just as strong in January and in May as they are to-day. I say that those arguments are of no value.

Then it is said that it would delay the session. Why did we not start in January? Why did we not appoint a committee to deal with redistribution in the first days of February? The report would have been before us long ago, and we would now be in position to deal properly with redistribution without doing any injustice to any province or to any division. But no, we delayed and we delayed and we delayed until the argument could be advanced that it was too late to proceed.

It is said also that there would be at this time strongly divergent views. When we have a redistribution after the war, as it has been pointed out this afternoon, it will be based upon the decennial census of 1941; it will not be based upon the situation that will exist after the war or after those who may have temporarily migrated, return to their former places of residence. The resolution says in so many words that the redistribution will be based upon the decennial census of 1941, and those provinces which are likely to lose seats by redistribution will be faced with the same situation. That is what will happen unless—I do not use this phrase in an offensive way—there is a nigger in the woodpile; unless there is a general election before the end of the war.

If there is a general election before the end of the war, those provinces which are exposed to a loss of seats will be able to preserve them, and preserve them until the next decennial census which will be made in 1951. The province of Quebec, which has a fixed number of sixty-five seats, will still remain in the same unfair position. That province is supposed to be the regulator of the representation, but year after year it has been a regulator that regulates absolutely nothing. When it comes to the application of the rule there is always an exception made. Means are always found of avoiding its application and Quebec continues to have only sixty-five members. The maritime provinces continue to have the small number they have at the present time, while other provinces enjoy a larger number of representatives to which, strictly speaking, they are not entitled.

So far as I am concerned I would have been ready to consider redistribution in the broadest sense possible. One reason has been given which appeals to me. There are members of the House of Commons who have

enlisted in the armed services and who, because they are overseas, could not be here to discuss redistribution if it were proceeded with. I have the most profound sympathy for those members. They have a right to be here, and I would be the first one to see that they are not deprived of the right to express their point of view. But actually very few of them are on the other side; the majority are in Canada. We see them occasionally, and they could be here for a day or two or for a week to look after their own interests. So far as those who are overseas are concerned, and without wanting to assume too much, I think I can say in the name of the representatives of the province of Quebec that we would be ready to leave their seats undisturbed until the next decennial census. I would be the first one to propose such a measure in favour of those members who have enlisted and who are overseas.

I regret very much, Mr. Speaker, that on a question of that kind, with one province in particular having so much at stake, as well as others, we had the motion which was moved by the Prime Minister this afternoon. That incident reminded me of a day long ago in the old House of Commons of Canada when Sir Wilfrid Laurier was on his feet ready to speak to a motion that had been made by Sir Robert Borden to amend the rules of the house, and a Conservative, a member of the government, Mr. Northrup, rose and proposed the very motion the Prime Minister proposed this afternoon—the previous question—to prevent Sir Wilfrid Laurier from exposing his views on the question before the house.

Mr. MACKENZIE KING: May I ask my hon. friend whether my motion is in any way preventing him from saying anything that he desires on the motion of the Minister of Justice?

Mr. CARDIN: No. I am explaining my point that the motion this afternoon of the right hon. leader of the government prevents all kinds of amendments being moved. The right hon. Prime Minister said so in so many words.

Mr. MACKENZIE KING: That is something quite different from what my hon. friend just said. What my hon. friend implied was that I had been seeking to prevent hon. members from discussing this motion.

Mr. CARDIN: No.

Mr. MACKENZIE KING: The motion before the Chair.

Mr. CARDIN: No, but it reminds me of a similar motion that was made by Mr. Northrup, the effect of which was to prevent Sir Wilfrid Laurier from exposing his views on the motion made by Sir Robert Borden. I do not say that the motion made by the Prime Minister this afternoon has the effect of preventing discussion on the main motion, but here is the point to which I am coming. The motion of the Prime Minister, according to his own words, according to his own interpretation and according to the rules of the house prevents any kind of amendment; yes, prevents all kinds of amendments which might come within the four corners of the resolution and which might help to remove certain apprehensions that exist and help to prevent certain injustices that otherwise are going to follow. I do not say that the right hon. the Prime Minister made his motion to prevent me from moving my amendment. He did not know about it. Nobody knew about it. The amendment I intended to move is within the four corners of the resolution. The reason advanced by the Prime Minister for making his motion, to move the previous question, was to avoid all kinds of discussion outside the four corners of the resolution—that is the reason he gave—to avoid amendments that he had heard somebody was going to move and which might set the house afire. The amendment which I had in mind to propose and which I am going to read before sitting down was within the four corners of the resolution and would have prevented an injust treatment being imposed to a province in particular by the passing of the measure as it is at present drafted.

We have been told this afternoon that the populations of certain provinces have been reduced by reason of the war. But no evidence has been produced of that; no indication has been given of the truth of that statement. So far as the house is concerned, we do not know. But if we look upon certain documents that are at our disposal, we come to the conclusion that the decrease in the population of Saskatchewan started in 1931 and continued to decrease until 1936. There was no war on then, but the population of the province decreased considerably from 1931 to 1936. I am not quite correct in saying that. My information is taken from a report I have of the live births for all the provinces of Canada. If hon. gentlemen will look at that report they will see that the birth-rate in Canada has been increasing, with the exception of in two provinces, and one in particular, the birth-rate has been very rapidly decreasing between 1931 and 1936. That was in Saskatchewan.

I hope that nobody will accuse me of making any plea that would be prejudicial to the fair and just interests of the province of Saskatchewan. If there is an agreement that should be

made to protect the province of Saskatchewan, which has suffered so much from drought, let us make it. But let us do something for the other provinces also in order to compensate for the advantages so given to one province at the expense of the others. That is my proposal. I would have been ready to consider favourably any request to help maintain at a proper number the representation of Saskatchewan in this parliament. I know that that province has been through difficult days, that it has experienced hard times. I am ready to consider that and to provide some relief, if I may use the word, in reference to representation in the House of Commons. But I think that something else should be done to compensate the other provinces that have been receiving no consideration in any redistribution made in consequence of the decennial censuses that we have had since 1871.

Mr. MACKENZIE KING: Before my hon. friend proceeds any further, on a point of order, I was not in a position to say at the moment whether he was correct when he made the statement that the motion which was moved by Mr. Northrup was the same as the one I moved to-day. I have since had an opportunity to look into the matter, and I wish now to say that the motion moved by Mr. Northrup was not the same as I moved to-day. I wish to make that quite clear to my hon. friend. If he wishes to have the facts verified, he will find the motion Mr. Northrup moved set out in Beauchesne's Parliamentary Rules and Forms, third edition, 1943, citation 215:

> On the 9th of April, 1913, Sir Wilfrid Laurier and Mr. Hazen rose at the same time and Mr. Northrup moved that Mr. Hazen "be now heard."

Mr. CARDIN: Technically there is something in the point raised by the Prime Minister. I shortened my recital, but the effect of the two motions is just the same. Mr. Northrup moved that Sir Douglas Hazen be given the right of way, the right to speak in place of Sir Wilfrid Laurier who had risen at the same time. The speaker had "seen" Sir Wilfrid Laurier first and authorized him to speak, when Mr. Northrup rose and moved according to the rules of the house that Sir Douglas Hazen be "seen" by the Speaker and be allowed to speak. A vote was taken, and Sir Wilfrid Laurier and the Liberals were defeated. Sir Wilfrid Laurier had to sit down and Sir Douglas Hazen rose in his place and moved a motion like the one the Prime Minister has moved. He moved the previous question, without making any speech at all.

Mr. MACKENZIE KING: My hon. friend has not had to sit down, nor has he been prevented from uttering any word he wished to say.

Mr. CARDIN: No, but that is not exactly representing my position. I am referring to a situation in years gone by similar to the one we are facing to-day. When a motion was moved preventing any amendment, just as the Prime Minister's motion does to-day, I can speak on the main motion; yes, other members have been speaking on it and others will speak, but there can be no amendment moved even to better the resolution that is before the house, after the previous question has been moved. That is my criticism. It prevents all members of the house from any section of the country from moving any amendment that would improve the text of the resolution which we are at present considering and which might help to dispel the anxiety which exists in many quarters and prevent at least the injustice that is being done to certain partners to the pact of confederation, an injustice that may remain on our statute books until 1951 after the next decennial census is taken.

The amendment, Mr. Speaker, which I had in mind to move was very short. I was simply suggesting to add to paragraph 1 of the proposed measure to be introduced in the British house the following words:

> However, a readjustment of the representation of the provinces in the House of Commons in consequence of the aforesaid decennial census shall be made previous to the holding of a general election.

I wanted to avoid the holding of a general election on a redistribution which was made after the decennial census of 1931. If there is an election before 1945 and the war is not then concluded, that election will be fought on a representation based on the decennial census of 1931.

Some hon. MEMBERS: 1941.

Mr. CARDIN: No, 1931, because it is not proposed to deal with redistribution based on 1941 census until after the war. The proposal is to postpone until then the redistribution based on the decennial census of 1941. So that, if we have an election before the war is concluded, that election will have to be fought on a redistribution made after the decennial census of 1931. That I regard as an injustice.

If we had embodied in the amendment to the constitution that in the event of a general election before the conclusion of the term of office of this parliament redistribution would previously be made in consequence of the

1941 census, no province would have had cause to complain. Some attention could then be given to the province of Quebec, which representation now seems to be fixed at sixty-five for the rest of the life of Canada. Attention could also be given to the maritime provinces representation. I suggest it would have been fair to amend the resolution in that way. Such amendment would not have brought in any question or any subject not within the principle of the resolution.

Even if we are deprived of the right of making an amendment to have that situation cleared up, I wonder if it will be possible to obtain from the Prime Minister an understanding that before we go to the people some arrangement will be made regarding redistribution in order that no province will suffer from the results of the amendment to the constitution which is proposed. But we have not even that. All that is proposed now is to postpone the redistribution, but we are not told what is to be done in the meantime.

The redistribution is postponed on account of the war; but there is a possibility that the war will not be an obstacle to the holding of a general election. The government is afraid of dealing in the House of Commons now with the problem of redistribution on account of difficulties which may exist, of troubles which may be raised, of representations which may be made by certain provinces and controversies which might endanger the unity of this country. Yet the government does not seem to be afraid of plunging Canada into a general election during the war and before redistribution has been made. That is the situation.

All the arguments which have been advanced up to the present against redistribution apply with a hundred times more force to the holding of a general election before the war is over, but we have not a word as to that. They will postpone redistribution and wait for the opportunity of calling a general election later on, and that general election will be held on the basis of the decennial census of 1931.

I repeat that this is not justice; it is not fair treatment. There is certainly a possibility, between understanding citizens of Canada who have in the past faced many difficulties, of reaching an agreement which will not sow any prejudice or create any disunity in the country. Speaking for my province particularly, I say there would be no trouble there, because there was none in the past when the number of our representatives remained at sixty-five and representation changed in other sections of Canada.

[Mr. Cardin.]

Of course we have difficulties; we have misunderstandings; but what country under the face of the sun is without difficulties? One has only to listen to what is being said in the parliament of South Africa, in the parliament of Australia, even in the parliament of England, to know that they are not afraid there to discuss the problems of the day and that they do not shelve them indefinitely.

It would have been possible, I repeat, to deal with this problem and to grant relief, if necessary, to the provinces of Saskatchewan and Manitoba according to circumstances and evidence placed before the House of Commons. That case is not made now. If we would deal with redistribution, the case could be made on figures, not on words, not on suppositions; and afterwards it would be easy to reach an understanding. I can guarantee that no trouble would be raised in my province against an equitable arrangement equally fair to all the members of the pact of confederation.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, it is with a deep feeling of regret and sorrow that I rise in my place to-day. The first reason is that, according to the press of the province of Quebec, not long ago, on June 22, it was unanimously resolved by the Quebec legislature to send a protest to the dominion government regarding precisely the motion which is now before us. It is very seldom, sir, that there is such unanimity of opposing groups; but this time Conservatives and Liberals, English and French-speaking Canadians and even Jews in the Quebec legislature united to send a solemn protest to this government against such a move as is now contemplated. It is wrong, of course, to represent Quebec as a province composed wholly of French-speaking Canadians. There is a large number of English-speaking Canadians, of people of all origins and of all religions in the province of Quebec. Jews have been elected to the Quebec legislature; in fact the first Jew who was elected to the legislative assembly of any part of the British empire, even before Disraeli was elected in London, was a Jew named Hart, who was elected in the French-Canadian constituency of Three Rivers. Therefore we cannot overlook the fact that the unanimity of Quebec on this matter is not only that of French-speaking Canadians but that of all those who live within the boundaries of that province, who are represented by members of different religious faiths and of different languages, residing within its precincts. That is why I am so surprised, in fact dumbfounded, that

the Prime Minister (Mr. Mackenzie King) and the Minister of Justice (Mr. St. Laurent) have not tabled a copy of that solemn protest, which was not a private letter, because, as I have been credibly informed, it was an official letter of the Quebec government to the dominion government protesting in clear terms against such a move.

We live under a constitution that was passed by Westminster after lengthy discussion in Quebec and in Charlottetown; it is that constitution that we must respect if we are to have order and good government in this country; and if anyone says anything disparaging of that constitution, anything that brings it into disrepute in the minds of his fellow citizens, he is doing something that is contrary to the defence regulations.

The remarks that have been made by the Minister of Justice, who is a distinguished member of the bar, have greatly surprised me. He spoke of extraneous subjects and thereby invited discussion on a most controversial matter. He gave me the impression of a man pouring oil on the fire. I would have understood his position if immediately before he had risen, someone had discussed language and religious matters relating to the subject before us. But no one did so. He was the first to speak on the matter, and he himself indicated that such cases as he referred to were mentioned only by few people and were not important. A minister who holds such a rank in the government of the country had no right on such a solemn occasion to bring forward such matters, adding straw to the fire, in fact lighting the fire of prejudice throughout the country.

I am a much older member than the hon. gentleman. I have been here nearly twenty years and he is a newcomer. But never have I raised the question of race and religion in this house, and I have good friends among members who are staunch imperialists, who have not my religious faith and who do not speak my language. But I believe that we can come easily to an understanding—on what basis? On the basis of fairness. And so long as a minister admits that there is unfairness somewhere, unfairness in this act, in the way it has been interpreted and applied, whether in my province or in a sister province, the first thing to do, if we are to have national unity, is to remedy that injustice and to have the courage to do so. So long as injustice is admitted it is the duty of the government to correct it, and the government cannot come and say that because we are at war they will not correct that injustice. That is cowardice; it is not worthy of men of the character and determination of those who sit on the treasury benches.

I do not admit that in times of war unfairness should be cherished at the expense of fairness. I do not admit that, and no member will admit it. The Minister of Justice cannot enunciate the principle that in time of war unfairness shall subsist because there might be criticism in some quarters. No member can rise in his place and defend such a theory. How is it that the Minister of Justice, who is the guardian of the law, rose in his place and made a speech in which he said that we do not want to invite controversy, while at the same time he invited controversy, invited prejudice, invited hatred and religious fights and struggles in this country? I cannot conceive it, and I tell you, sir, it is a very dangerous thing to deal with. It is a very dangerous matter to handle. I saw that some of his colleagues here were worrying while he was giving his explanation. What has the question of language to do with redistribution in this country? What has the matter of religion to do with redistribution?

Members of this house who belong to the army may suffer an injustice, it is said. As the hon. member for Richelieu-Verchères pointed out, is there one member of this house who would do injustice to anyone in the armed forces, whether overseas or in this country? No one would do that; no one would agree to a proposal which my hon. friend could not make but did mention, about members of the armed forces belonging to our house being given the same seats. No one would object to that even if those members were not here. No member would think of objecting to that. Therefore, why use such an argument in regard to such a question? Why raise the patriotic issue, waving that flag that we have not? What is patriotism, sir? It is a simple thing. It is love of our country and respect for our institutions.

What is the motto of French Canadians? It is, "Our religion, our tongue and our rights". That may be the motto of English-speaking Canadians as well. But because the French Canadian speaks French and the English Canadian speaks English, or because the Scottish Canadian speaks Gaelic, that is no reason why we cannot come to an understanding, provided that understanding is based on fairness. And in this case the Minister of Justice has admitted that there is something wrong, something which should be righted by the government—until lately. Why did the Prime Minister state in this house in words that were very clear, words that were not

obscure, that since the question of redistribution had been mentioned in the speech from the throne the government would proceed with it at this session, before the expiration of the session? What happened between the time when the Prime Minister made that statement and the moment when this resolution appeared on the order paper? What was the reason for the change? How is it that no one doubted all along that before the expiration of the session the government would deal with the question of redistribution? I cannot understand it and nobody can. It is a mystery.

Coming to the resolution itself and the way in which it is drafted, I have a few words to say; but before doing so I would again ask the Prime Minister and the Minister of Justice to table a copy of the solemn protest received from the Quebec government, not only on behalf of the French-speaking Canadians of Quebec, but on behalf of those people of Quebec whom they represent, whatever may be their race or religion.

In regard to the resolution I have a correction to make in the quotation of Doctor Skelton by the leader of the Cooperative Commonwealth Federation party. Doctor Skelton appearing before the committee said that Canada was the only country in the world that could not amend its constitution. It is true, and it is not true. All dominions, with the exception of Canada, have the right to amend their own constitution. They were all subject to disallowance by the British government, as we are now. Therefore, what was the use of having power to amend the constitution when, on the other hand, the British government had the power of disallowance of any act passed by any such parliament of the dominions. An exception could be made with respect to Ireland, in these later years. But it is the only dominion where there is no right of disallowance. Therefore Doctor Skelton gave a superficial view of the constitutions of other dominions.

Now, to come to this resolution, the government of Canada proposes to go to the British government asking for an amendment of the constitution with respect to the holding of a redistribution. As one who at the request of the late Minister of Justice made a report on redistribution in each county of Quebec, covering the last eighty years, and who prepared a booklet used by that right hon. gentleman as well as by the hon. member for Richelieu-Vercheres (Mr. Cardin) when they discussed the matter with Conservative ministers at that time, I believe I have the right to protest against a move like this. I have also the right to protest against the way in which the resolution has been drafted.

[Mr. Pouliot.]

The other day while speaking, not about the British government but about His Majesty the King and Her Majesty the Queen, I said I did not feel humble when speaking to them, through you, sir. I did not feel humble, although I do feel so at times. I did not feel humble, because I represent people I am proud of, and I believe that is the feeling of all hon. members elected for the various constituencies of this country. But I do not see the government of Canada, which is supposed to be on an equal footing with the British government, going humbly before the lords spiritual and temporal asking them to amend the constitution. I do not see them going humbly—and the Minister of Justice (Mr. St. Laurent) repeated that expression at the beginning of his speech—going humbly like the burgher of Calais, or like one of our colleagues who had to act humbly, and who had to repeat *flectamus genua* four times the other day before his withdrawal was accepted. I cannot agree with that. I cannot agree with it because I think we should have the dignity of an autonomous country within the empire. We should have the right to amend our constitution ourselves, as has been said so well by some hon. members. I do not see how we can go twice a year, or once a year to London to ask for an amendment to our constitution. What is our constitution worth, if it has to be changed like that every year? I admit that nothing is perfect in the constitution. But when Mr. Bennett stated that the constitution should be amended I asked him very often, "What part of the constitution do you wish to amend?" He could not answer me.

Last year the constitution was amended to permit the introduction of an unemployment measure. This year it will be amended to destroy a vital part of the British North America Act, a part which deals with representation in the House of Commons, the representation of a group of men who must have their say in our deliberations, and who must have no fear or favour in the conduct of their discussion. That is the British North America Act. Every province agreed to the constitution at the time of confederation. The government has no power to go to London to ask for a change without at least asking the people what they think of it. It should ask the people by way of a plebiscite, the fashion of which was begun last year.

This matter affects not only the dominion. It affects the provinces, and affects every citizen in the country. Therefore each province and each citizen, each man and woman have the right to express their views on the matter. If this motion is passed I hope the government will be fair enough to attach to it

a copy of the solemn protest received from the government of Quebec against such a change before an election. The suggestion of the hon. member for Richelieu-Verchères is only fair and just. He did not offer an amendment, because he could not, on account of the Prime Minister's motion. But does it not appeal to every hon. member that it would be only fair that the next election should be conducted after the last census, and not the census before the last one. What is the purpose of a census? It is to establish a basis of representation in accordance with the provisions of the British North America Act. What is the use of spending a million dollars for a census, if it is of no use, and if it does not serve the purpose for which it is made?

There is no question of any intervention by Mr. Anthony Eden in respect of the matter of redistribution, except that if the matter is taken to Westminster he will be one who will have to help decide. The same applies to Lord Halifax. What has Lord Halifax to do with this matter? What has Mr. Anthony Eden to do with this matter? He may have something to do with it when the resolution is over there, but only at that time.

To this moment no one has explained satisfactorily to me the reason for the sudden change of the government in connection with this matter. I do not know the reason. I took some notes of what the Minister of Justice said, and he made one observation which astounded me. This is a proposal for a modification of the act of 1867. I do not know if my understanding of his statement was correct, but if it is not, he will no doubt correct me. When a change is to be made in the British North America Act those concerned must deal with a constitution formulated by the fathers of confederation to weld into one nation two groups of peoples of different origin and with different religions. That is not the question. It is admitted that different people have different religions. But I say that although they do not belong to the same race, or do not have the same religious beliefs, or are not of the same origin, still we are all in the same boat and we have to make the best of it. Therefore it is not by leaving an injustice, and permitting it to continue that we are going to bring about a greater degree of peace and unity in Canada.

I have said it before, and I now repeat that it is a great mistake to consider French Canadians of the same class and in the same walk of life as being different mentally from English, Scotch or Irish citizens performing the same work. That is a great mistake. All have the same interests. They are fellow citizens. They must work in unison, and they will do so, provided no one raises the cry of prejudice or brings before their eyes matters which may be exploited by a few individuals unworthy of the name Canadian.

I was sorry that the Minister of Justice took the trouble to bring that matter before the house. Some of his statements were commendable, but they would have been just as good on another occasion. But this was not the time to say what he said because, as was pointed out by the leader of the opposition (Mr. Graydon)—and rightly so—what he said was irrelevant.

The matter before the house is one of representation of people within the boundaries of a certain unit known as a constituency. All those people have the right to be represented in the House of Commons, and it would be an injustice both to French Canadians of Ontario as well as to English-speaking citizens of Quebec not to proceed with redistribution according to the solemn promise which was made in the speech from the throne, and which was repeated not long ago by the Prime Minister. I see no reason for it.

What explanation have we been given? The hon. member who preceded me in the debate suggested that this was being done to have more seats for Quebec in the next election. No, sir; that will not work. Even English-speaking Canadians in Canada would not agree to any injustice to both English-speaking and French-speaking citizens, which would have the effect of greater support for the choice of the government in any constituency. I believe that the French-speaking people and the English-speaking people in this country are fair-minded. The only trouble is that they have not been told the things that they should have been told; they have not been spoken to in the language that should have been used. But when they read *Hansard* they will see the admission made by the Minister of Justice that there was something wrong, that there was, to use the expression of my hon. friend who spoke previously, a nigger in the wood-pile. They will want to know what the nigger in the wood-pile is. If they proceed farther, they will see that the Minister of Justice has admitted that there is something wrong somewhere, that we must wait until the end of the war to do something and not create a disturbance.

Our soldiers are fighting for freedom and liberty, and yet an injustice exists in our midst. Is it possible to conceive that while we are trying to cure the evils of the world, we allow them to exist in our midst? That is my last word. I make a special appeal to the Prime Minister; I make a special appeal

to the Minister of Justice; I ask them in the interests of all Canadians to conceive it to be their duty to drop the motion for the previous question and the motion before the chair.

Mr. D. K. HAZEN (St. John-Albert): Mr. Speaker, after listening this afternoon to the Minister of Justice (Mr. St. Laurent), I concluded that the consent of the provincial governments or legislatures had not been obtained to the amendment to the British North America Act proposed by this resolution. If I am not correct in that conclusion, the Minister of Justice can correct me. If I am correct, I think some explanation is due to the members of this house and to the country as to why this consent was not obtained. All the provinces are interested, and in my opinion they should have been consulted. Before an amendment was made to the British North America Act to establish a system of unemployment insurance, the consent of the provinces was obtained. But nothing of that kind has been done on this occasion.

I do not think this is the proper time to have redistribution; I do not think it would be fair to some of the western provinces, but I rise this evening to place myself on record as being opposed to any amendment to the British North America Act unless the provincial legislatures have agreed to such amendment. Any amendment to the British North America Act should involve the approval of the legislature of each province. I intend to support the resolution, but I do so upon the understanding that it creates no precedent as far as further amendments to the British North America Act are concerned.

Mr. LIONEL BERTRAND (Terrebonne) (Translation): Mr. Speaker, the resolution we are requested to pass does not meet with my approval and I must admit frankly that I cannot countenance it. Here are my reasons. In 1867 the British North America Act fixed at 65 the number of members for the province of Quebec. Besides, the same legislation states that the other provinces will be entitled to as many constituencies as the number of times their population is divisible by one sixty-fifth of that of the province of Quebec.

This clause was included in the Confederation pact in order to safeguard the rights of Quebec as compared to the other provinces and ensure that it would be fairly represented in Parliament. If the population of Quebec should increase more rapidly than that of the other provinces in a ten-year period, it may well be that the representation of these be decreased, as on the contrary, it may increase if the population of Quebec should experience an appreciable decrease.

The British North America Act specifies that the representation shall be adjusted following every tenth-year census. A census has been taken in 1941; according to the constitution the readjustment of representation should take place before the next general election.

However, the government, in the resolution now before the house, request that this readjustment be postponed until after the end of the war. As main arguments in favour of its resolution the government state that we are at war and that such a readjustment in war-time would inevitably cause dissension.

I still believe, Mr. Speaker, that the war should not be an excuse or a pretext for the establishment of a precedent or for any abuse. Time and again, I have protested in this house against the tendency of the government, under pretext of the state of war, to alter or amend our parliamentary set-up. The readjustment is to be made following the census taken every ten years. It has been taken during the war. Why have not the government, at that time, thought of postponing it? Since the census has been taken why should the readjustment of representation be postponed? It had been announced in the speech from the throne, on January 28. On May 14th last the Right Hon. Prime Minister informed the house that this measure would be brought down in the course of the present session. Exactly a month later, the Right Hon. Prime Minister announced the intention of the government of having the constitution amended so as to postpone until the end of the war the readjustment of representation. Why this change in policy?

Any amendment to the constitution would establish a dangerous precedent, even in war-time. Besides, the constitution should be amended only in cases of absolute necessity. Furthermore, the readjustment of representation bill does not affect our war effort, either directly or indirectly, but is purely and simply an administrative affair.

The government fear that this readjustment may cause serious dissensions. This could not possibly be the case in Quebec, for that province may have neither more nor less than 65 constituencies. The protests could be based only on the alteration of the boundaries of existing constituencies and the government could, very wisely, avoid these, for reasons of war emergency. On account of

the increase in the population of the province of Quebec, the prairie provinces will lose seven or eight electoral districts. I understand that if the redistribution was to be done at once, some hon. members, and especially those who sit on the other side of the house, would rise in protest. What happens is solely due to the constitution. The population of Quebec, a province where large families are the rule, which is no commonplace title to fame, has materially increased since the last ten years, and many persons who have left other provinces have found that Quebec was hospitable. Such are the facts. The province of Quebec is justified in demanding that the constitution be upheld, especially since the latter is the very basis of our representative system. Speaking in the Quebec house, whose members were unanimous on that point, Prime Minister Godbout has demanded on behalf and for the protection of the province of Quebec a representation wholly in accordance with the constitution. That desire on the part of the provincial government, and it is also the desire of the whole population of the province, cannot and must not be ignored.

The resolution clearly emphasizes that the readjustment of representation will be proceeded with at the first session held after the cessation of hostilities. The question comes up: What will happen if the war is to last one, two or three years longer, or if there is a general election before the cessation of hostilities? If the resolution is passed and if the government should decide to hold a general election in the coming fall or next winter, it follows that the number of constituencies will still be 245 while it should, in fact, be only 237 or 238.

Do you not believe, Mr. Speaker, that an injustice is being done as regards the rights which the province of Quebec enjoys under the confederation agreement, and that, under the pretext of war, the democratic character of our parliamentary system is being set aside? In my opinion to postpone the redistribution is simply to check the influence which Quebec is entitled to have on the political destinies of this country.

The Prime Minister has referred to an unusual movement of population between the various provinces as a result of the enforcement of the mobilization act and the opening of war plants. The argument is not absolutely convincing, since it is quite possible that the situation may, with the cessation of hostilities, become both normal and permanent.

I am opposed to this resolution for the reasons which I have just stated. I consider that I have no right to take any other stand; a principle is involved, and it is also a matter of justice for my province. Besides, this resolution interferes with the constitution and my province is especially affected. The government has no justification for overriding the constitution.

Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, there is very little I think it is necessary for me to say at this time. I wish, however, to deal with one objection that was featured rather prominently in the speeches that have been made.

First of all, it would appear that there are many members of this house who feel it is proper that redistribution should be postponed. They also realize that this cannot be done without some legislation which would be operative notwithstanding the ordinary provisions of the British North America Act. Legislation that would operate notwithstanding the terms of the British North America Act could not be passed in this country and must be obtained from the parliament of the United Kingdom. It has even been suggested that the old traditional form of "a humble address may be presented to His Majesty" indicates a degree of humility that is not compatible with the autonomous state of this country. I do not think that in the courteous forms which have been handed down to us there is anything that need prove a serious danger to our autonomy. But it is a fact that the only way in which legislative provision can be obtained that would operate notwithstanding the provisions of the British North America Act is by an act enacted by the parliament of the United Kingdom. I trust it will not always be so. I trust that there will be a system devised whereby it will be possible for us to deal here in our country with the problems which concern us. But the establishment of that system will require an amendment to be made to the British North America Act, and that amendment will have to be made by the parliament of the United Kingdom. I do not think it would be the temper of this parliament at the present time to undertake to establish any permanent system for amending in a permanent fashion the provisions of our constitution. I hope that day will arrive and that it will arrive soon enough for me to witness a system found and made operative whereby things like this will not require even to be registered, for that is really what it amounts to, as the statute of another parliament.

When it comes to making amendments to our constitution I would like to suggest to hon. members that there appears to be a fundamental distinction to be observed. Confederation was not really a pact between provinces.

As a matter of fact, there was only one province of the United Canadas, Upper and Lower, at the time confederation came into existence. But it was nevertheless the system worked out by responsible prominent leaders of the population of the areas which then constituted, on the one hand, the united province of Upper and Lower Canada, and on the other hand the maritime provinces, and it was provided that under this system provincial legislatures and provincial governments would be established to deal with certain matters over which they were allocated exclusive jurisdiction. The courts have held that the provinces in the exercise of jurisdiction in the field allocated to them are sovereign states.

There are other matters which were not so allocated for administrative purposes to provincial legislatures or to provincial governments, but which were either expressly allocated to the federal parliament or which come under the residual clause under which parliament is competent to deal with them.

I would readily concede to hon. members that if there were to be any suggested amendment to change the allocation of legislative or administrative jurisdiction as between the provinces, on the one hand, and the federal parliament, on the other, it could not properly be done without the consent of the organism that was set up by the constitution to have powers that would assumedly be taken from that organism.

Apart from the matters that are expressly allocated to the provincial legislatures and provincial governments, there are other matters which the representatives of the inhabitants of the provinces who sit in this parliament are the competent persons to deal with, and here in this instance is something having to do with representation in this house. That is something which is not allocated to the provincial legislatures or to the provincial governments. That is something which interests the inhabitants of the provinces, but the inhabitants of the provinces as electors have sent representatives to this national parliament to represent them, and I suggest that when dealing with matters in that category the members elected by the people of the provinces, who are also the people of Canada, are those who have to take their responsibility in determining whether they are in the interests of Canada or otherwise.

The example that was given by the hon. member is a case where it was eminently proper that the consent of the legislatures be obtained because it meant transferring to this parliament jurisdiction which in 1867 had been allocated to those legislatures. I submit that it would have been quite improper to take away from the provinces without their consent anything that they had by the constitution. That, I think, Mr. Speaker, disposes of the objection founded on the protest of the Quebec government or the Quebec legislature. They may have expressed their opinion, but in respect of matters concerning representation in this house they are merely electors, and they are represented here by members of parliament who have been elected by them and by the other electors of the respective constituencies in which they have their homes.

As to the amendment which the hon. member for Richelieu-Verchères (Mr. Cardin) would have liked to move, may I point out that the hon. member must have overlooked the terms of paragraph 5 of section 51 of the British North America Act; he would expressly provide that there would not be an election until redistribution shall have taken place. Well, the constitution provides that any readjustment, whenever made, is not operative until the dissolution of the parliament under which it is made. Paragraph 5, section 51, states:

> Such readjustment shall not take effect until the termination of the then existing parliament.

So that a bill with that kind of amendment added to it would have been without any effect at all. It would merely have meant that a redistribution might be made at one session instead of at another session of the same parliament. There is no amendment to the constitution necessary to do that. I was not here at the time, but I am told that the redistribution following the census of 1931 was not made until the second session following the publication of the census reports. There would not only be this fact that it would utterly destroy whatever effect this bill in the resolution provides for, but it seems to me that there are also two serious constitutional objections to the hon. member's proposals.

One would be to deprive the crown of its right to dissolve parliament until there had been a session where redistribution had been enacted; and the other—an indirect effect at that—would have been to make this parliament almost eternal, to prolong the life of this parliament until the majority saw fit to enact a provision for redistribution. There would have been no obligation to enact it at any special time, and if the majority of this parliament continued session after session to find itself unable to agree on a redistribution the life of the parliament would be automatically prolonged by the terms of the amendment thus introduced.

Mr. CARDIN: Will the minister permit a question?

Mr. ST. LAURENT: Certainly.

Mr. CARDIN: When this resolution is adopted and when the bill is passed by the British House of Commons postponing redistribution until after the war, supposing the war concludes in 1946 or 1947; does the hon. minister contend that we could not have a general election at the expiration of this parliament, which expires in 1945?

Mr. ST. LAURENT: I am not contending anything of the kind. What I am contending is that if an amendment such as that suggested by the hon. member were made, it would not be possible to have a dissolution until after a redistribution had been agreed to by parliament.

Hon. members have asked, what has happened between the speech from the throne, in which redistribution was announced, and the introduction of this resolution? What happened was that figures collected during the last census became available, and upon looking at them it was realized that what they would mean, with a redistribution at this time, was a situation as exposed to the house this afternoon, and it was felt that that would not be fair. Now it is submitted with great vehemence that when anything unfair exists it should be corrected. That may be so, but I submit that the agreement on the extent to which there is unfairness would not be sufficiently unanimous to warrant provoking a debate or debates upon it at the present time.

For these reasons, although I agree with hon. members that it would have been preferable if the result desired could be achieved in some other way than by asking a parliament outside of this country to pass a statute, since that is not possible, and since the object pursued seems to be desirable, I submit that the resolution should meet with the concurrence of the members of the house.

The house divided on the motion (Mr. Mackenzie King) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Anderson
Bertrand (Laurier)
Bertrand (Prescott)
Black (Cumberland)
Black (Yukon)
Blackmore
Boucher
Bradette
Cardiff
Casselman, Mrs. (Edmonton East)
Casselman (Grenville-Dundas)
Chevrier
Clark
Claxton
Cloutier
Coldwell
Crerar
Dechene
Diefenbaker
Donnelly
Edwards
Emmerson
Esling
Evans
Fair
Fauteux
Fraser (Peterborough West)
Fulford
Gardiner
Gershaw
Gillis
Golding
Graham
Grant
Graydon
Green
Gregory
Hansell
Hanson (Skeena)
Hazen
Henderson
Hlynka
Ilsley
Jaques
Jean
King, Mackenzie
Kinley
Knowles
LaFlèche
Lalonde
Leger
Little
McCubbin
MacDiarmid
Macdonald (Brantford City)
Macdonald (Halifax)
Macdonald (Kingston City)
McDonald (Pontiac)
McGarry
McGeer
McIlraith
MacInnis
MacKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
MacKinnon (Kootenay East)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Simcoe East)
Macmillan
McNiven (Regina City)
MacNicol
Martin
Matthews
Maybank
Mayhew
Mitchell
Neill
Nielsen, Mrs.
Nixon
Noseworthy
O'Neill
Perley
Pinard
Poirier
Pottier
Purdy
Quelch
Ralston
Reid
Rennie
Ross (Calgary East)
Ross (Moose Jaw)
Ross (St. Paul's)
Ross (Souris)
St. Laurent
Sanderson
Shaw
Sissons
Slaght
Soper
Stirling
Stokes
Taylor
Tripp
Turgeon
Turner
Tustin
Ward
White
Whitman
Winkler
Wright—115.

NAYS

Messrs:

Bertrand (Terrebonne)
Cardin
d'Anjou
Dorion
Dubois
Fournier (Maisonneuve-Rosemont)
LaCroix (Quebec-Montmorency)
Pouliot
Roy—9.

Mr. SPEAKER: The question is on the main motion. Shall the motion carry?

Mr. POULIOT: On division.

Mr. CARDIN: The same division.

Mr. SPEAKER: The same division.

Motion (Mr. St. Laurent) agreed to.

Mr. DUROCHER: I was paired with the hon. member for Fraser Valley (Mr. Cruickshank). Had I voted I would have voted against the resolution.

WHEAT

EXTENSION OF GRISTING PRIVILEGES TO FARMERS DURING CROP YEAR 1942-43

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I have an announcement I wish to make regarding wheat farmers' gristing. At the present time western wheat farmers are permitted to grist up to forty bushels within the quota for their own home use. It has been decided that these gristing privileges shall be extended to a total of one hundred bushels to each permit-holder, during the crop year of 1942-43 without diminishing the total wheat delivery quota of fifteen bushels on the authorized acreage.

I shall be making a further announcement regarding gristing regulations for the crop year 1943-44 shortly.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Thursday, July 1, consideration in commitee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

AGRICULTURE

Freight assistance on western feed grains, $8,000,000.

Mr. KNOWLES: The other night some reference was made to dehydration, and the minister told the hon. member for Fraser Valley that he would make a statement on the question under one of these items. Under which of the items will he make that statement?

Hon. J. G. GARDINER (Minister of Agriculture): What I did say to the hon. member for Fraser Valley was that I would be prepared to answer his question on this item. I am not sure what the question was, but I presume it had to do with the dehydration plant in British Columbia. I have an answer with regard to the plant at Haney, British Columbia. If the Haney plant can be fully and properly equipped for the dehydration of potatoes and can manufacture a product which will meet the board's specifications, and if the wartime prices and trade board will approve the production of additional dehydrated potatoes from British Columbia, the board may give the Haney plant a contract for a small quantity of dehydrated potatoes in 1943—possibly 200 tons. That is the statement which I have had prepared to answer the question in regard to that plant. However, I am not sure that that was the question intended.

Mr. REID: As the hon. member for Fraser Valley and I are both interested in this matter, and as the hon. member for Fraser Valley had to leave the chamber a few moments ago, perhaps the minister would not mind answering a question of mine, because both of us have been appealed to. This is a plant which has been in business in the town of Haney for a considerable time. Some assurance must have been given to the management of the plant that they would be given an order for dehydrating potatoes, because before I left the district at Easter time one of the prominent farmers in the district told me he had contracted his potatoes to this plant. My understanding was that many farmers both in the Fraser Valley and New Westminster constituencies had agreed to sell their potatoes to the plant.

Since that time and up until the present the management of the plant has been endeavouring to obtain a contract from the wartime prices and trade board, or whatever board has to do with it, to supply dehydrated potatoes. My information to-day is that it is without success. An argument was used that the Fraser valley was known as a deficiency area, in so far as potatoes are concerned. May I say that I absolutely disagree with that finding? In fact, I cannot understand how such a finding could have been given, because I myself remember not so very long ago—just prior to the war—hundreds of tons of potatoes being allowed to rot in the Fraser valley. And the reason why potatoes have not been grown, particularly in the Fraser valley, to any great extent, is that the price did not warrant production, or did not cover the cost of production. But the fact is that the Fraser valley is a splendid district for the growing of potatoes.

I tell the minister and the committee now that I take strong exception to the statement made by the member of the wartime prices and trade board that potatoes grown in the Fraser valley were not very good. I do not know what potatoes he was talking about, but he certainly was not talking about potatoes grown in the Fraser valley. I can tell you, Mr. Chairman, and members of this committee, that potatoes have been dished up in this city that we would not feed to the hogs, let alone to human beings.

I resent very much the statement made by that member of the board that there were no good potatoes grown in the Fraser valley. And, in so far as any deficiency area is concerned, it is not correct to make that state-

ment, because we did grow potatoes in past years. I have seen hundreds of tons going to waste. I am going to ask the minister why this firm cannot get a contract for the dehydration of potatoes. The opinion is that there will be an excess of potatoes grown in the Fraser valley, that there will be at least 15,000 tons more this year than were grown last year.

It seems strange to me; if there is anything against the plant or the management we should know about it. The excuse cannot be given that they have not potatoes, or that the potatoes are not good. I would ask the minister to tell us why this firm cannot obtain a contract for dehydrating potatoes.

Mr. GARDINER: The wartime agricultural supplies board has no information as to whether the Berryland plant at Haney, British Columbia, has pre-processing equipment such as pealers, cutters, dicers and plungers, or whether this plant is equipped for that work. Our representative at the Summerland experimental station, Mr. Atkinson, advised Mr. J. M. Armstrong recently, namely on June 23, that the Haney plant ordered temperature control equipment for their plant, and that they have no information yet that the order can be filled, or that the equipment can be supplied. Mr. Atkinson has informed Mr. Armstrong, or did inform him, in the Lethbridge area in June, that he believed that the dehydrator and the layout of the plant was satisfactory. That statement has been made.

Mr. REID: That it was satisfactory?

Mr. GARDINER: Yes, that he believed it was. But we have no absolute information with regard to it. We have no definite information in regard to it. That is the first matter that has to be cleared up, namely, whether the plant is properly equipped to do the job, if the contract is given.

The second point is this: the price to be paid by the special products board for dehydrated potatoes in 1943 was thirty-five cents per dried pound. That is what is asked. That is higher than will be paid in Alberta, the price there being thirty-three cents, and prices in Nova Scotia and New Brunswick being thirty-three and thirty-two cents respectively. The price for Prince Edward Island is not known, but it is presumed it will be thirty-two cents. Only in Ontario, where a relatively small quantity of potatoes have been contracted for, will the price be as high as British Columbia. So that there is the question as to whether we can get dehydrated potatoes at a lower price elsewhere. Unless British Columbia can meet the price of other parts of Canada, I presume it will be difficult for them to get a contract.

Then, Mr. Shaw, chairman of the supplies board, gave evidence some time ago before the committee on agriculture. Among other things he said this:

> We were aware of the plant in question and had it inspected by a dehydration man whose report stated that it was fairly well equipped but lacked certain equipment for the completion of the dehydration processing of vegetables.

In other words, the report he has given to the committee is to the effect that it is not fully equipped. Then he continued:

> Now, that means just what I said in the beginning, that this plant is not at the moment in a complete position to do this job. I stated it would probably be possible, that we had no objections, in regard to giving a contract if the products were required, providing they gave assurance on two things: First, that they can do this job to the satisfaction of the board, and second, that by doing it at that particular point they do not endanger or short the domestic supply situation.

That is the question just raised by the hon. member for New Westminster, the question as to whether the preparing of dehydrated potatoes in that particular area would short the supplies for cities like Vancouver and Victoria, and for camps out there connected with military operations. Then he continued:

> Those are the two conditions and they are very important ones. They are the only points in question. I might mention this, that there are no controls in that plant. Dehydration cannot be conducted without controls, and there has been no application, as far as I am aware, for controls.

In other words, the contention is that the plant is not fully equipped, and that those who are operating would have to satisfy the board that it would be equipped before an order would be given. In the second place, there would have to be satisfactory evidence that there were sufficient potatoes—not five years ago or six years ago, or even last year—but that there would be sufficient potatoes this year to warrant the board's going in there and buying potatoes to be dehydrated for shipment out, when there may have to be potatoes shipped in to feed the people in that area.

If that can be proved satisfactorily, then there is no reason why a contract should not be given. That matter, I believe, has been referred to the wartime prices and trade board, and I understand they have stated—and I presume they had evidence before making the statement—that while it is true that British Columbia has been exporting potatoes, that very much larger quantities are imported from points outside the province. Considerable quantities move from interior points, such as Ashcroft and Kamloops. The wartime prices and trade board state it is their opinion that a dehydration programme

at the coast would accentuate this movement which, under war-time conditions, would not appear to be justified. That is their decision on the information they have, up to the moment. They point out that there are so many potatoes being used there that there is some question as to whether we should dehydrate potatoes in British Columbia.

Mr. REID: I do not know whether I can answer all the statements made by the minister, but certainly I shall answer as many of them as I can remember.

First of all, with regard to the quantity of potatoes may I say that this is not the first occasion I have protested to the Minister of National Revenue against allowing potatoes to enter British Columbia from southern points, at times when the farmers had their pits full of potatoes. The fact that there have been importations of potatoes does not mean that there are no potatoes in British Columbia. We must remember that in some parts of California three crops are grown in a year, on irrigated ground, and that they have cheaper labour. They have sent the surplus crop from California, Oregon and Washington into British Columbia, while our potatoes rotted. I have protested many times in the house about that situation.

At the outset of his remarks the minister stated that whoever had surveyed the plant had said that the equipment this man had was all right for potatoes, but that he did not think it would be satisfactory for vegetables. Let us have a clear picture of this. Just what do they want? Here is an instance where the farmers have made an agreement with the manager of a plant to the effect that they will sell their potatoes to this plant. If they get an ordinary crop of potatoes in British Columbia they will have a surplus this year. I contend that that point has not been investigated. All we are getting now from the minister is a statement that some official says that some things have to be decided to find out whether they will make a contract with the farmers. This is the first part of July; the crop is almost ready for market. Steps should have been taken long ago. This matter should have been settled months and months ago.

That was the stand taken by the chairman of this firm. Will the minister say on his responsibility as Minister of Agriculture that this is a deficiency area? Will he make a statement now?

Mr. GARDINER: The hon. member wants me to make a statement now, and I will. He knows the reason for the action that was taken last spring as well as I do. He knows of the telegram that we received which threatened not to feed the people of the west coast area.

Mr. REID: That has nothing to do with its being a deficiency area. I would take the minister up on that statement if I had time.

Mr. GARDINER: That is why potatoes were shipped in. A certain organization in British Columbia threatened this government and threatened the board that they would not even supply potatoes for the military camps, and potatoes were admitted into that area. I do not want to get into any unnecessary discussion about this.

Mr. REID: I do not care whether the minister does or not.

Mr. GARDINER: That is quite all right. While he was speaking, on at least two occasions, my hon. friend made a statement which I had not given a moment ago.

Mr. REID: What were they?

Mr. GARDINER: I did not say anything about vegetables and potatoes. I read what I said and I still have it in front of me. That statement can still be read.

Mr. REID: The minister is taking another argument. We were talking about dehydrating potatoes at this plant. We were talking about 1943, and the minister is talking about the 1942 crop and what occurred in connection with the potato board of British Columbia. That is an entirely different subject. We realize that the Minister of Finance (Mr. Ilsley) takes care of the wartime prices and trade board, but I do not want the minister to try to sidetrack the issue.

Mr. GARDINER: We were talking about potatoes; we were not talking about vegetables.

Mr. REID: If you will read the record you will find that you mentioned that this man said that they had a plant fit to dehydrate potatoes but that it was not fit for vegetables. That was the statement you made. I ask you to read *Hansard* to-morrow, and you will find you said that in spite of what you say now. I want to know what you are going to do. You have not yet said that there is a deficiency area in British Columbia.

The CHAIRMAN: I ask the hon. member for New Westminster kindly to address the Chair.

Mr. REID: I will turn and look at you, Mr. Chairman, and perhaps I will not feel as bad.

Mr. GARDINER: If my hon. friend will just permit me, I will read what was said. It reads:

If the Haney plant can be fully and properly equipped for the dehydration of potatoes and can manufacture a product which will meet the board's specifications and if the wartime prices and trade board will approve of the production of additional dehydrated potatoes in British Columbia, the board could give the Haney plant a contract for a small quantity of dehydrated potatoes in 1943 (possibly 200 tons).

Mr. REID: We will get the record straight because I am not letting the Minister of Agriculture get away with that. I did not say that that was the statement he referred to. I said that the official he spoke about who investigated the situation had given it as his opinion that this plant had the equipment to dehydrate potatoes but that they did not have sufficient equipment for vegetables. That was the statement to which I took exception, but now the minister has changed it and gone on to another statement and I am not going to let him do that. I was referring to the official who had investigated this plant, not to the statement which the minister has just read.

Mr. GARDINER: I read all of it and there is not a word about vegetables.

Mr. REID: Will you go back to the one by the official who investigated the plant? I want to know if there is to be a further investigation and I want to know if the minister is going to see that this plant gets fair treatment.

Mr. GARDINER: I have answered that on three occasions and I will answer it again. "If the Haney plant can be fully and properly equipped"—that is the first thing they have to do.

Mr. REID: To whose satisfaction?

Mr. GARDINER: To the satisfaction of those who are going to buy their product; that is always the person who must be satisfied. "For the dehydration of potatoes and can manufacture a product which will meet the board's specifications"—they have to be properly equipped before they can manufacture that product. "And if the wartime prices and trade board will approve the production of additional dehydrated potatoes"—that raises the question as to whether or not there are sufficient potatoes to supply that particular area. If there are not, there will not be any taken out of the area. If there are sufficient, then they are quite prepared to have potatoes dehydrated. "The board could give the Haney plant a contract for a small quantity of dehydrated potatoes in 1943, possibly two hundred tons." I do not know how I can make the statement any clearer than that.

Mr. REID: I am very glad the minister did not reiterate the statement that it was a deficiency area. I should like to know what official of the department advised the wartime prices and trade board that the potatoes of the Fraser valley were not good for eating purposes. Would the minister tell us who that official was? That is a slur on the potatoes of the Fraser valley and something we are not going to let go by just as easy as that. I am addressing you, Mr. Chairman.

Mr. GARDINER: I do not know where the hon. member is getting that statement. I cannot find it in anything I have read.

Mr. REID: I will produce it later.

Mr. KNOWLES: I realize that I slowed up the proceedings by raising the question of dehydration, but I had no idea that I was going to start a family quarrel. I may have misunderstood the minister, but from what he said I understood that he would make a general statement on what his department was doing to encourage the dehydration of vegetables and fruits to meet the needs of the war situation. We all realize the desirability of maintaining as good a supply as possible of vegetables and fruits to maintain the health of our people. On account of the difficulties in connection with getting sugar it has not been possible to get canned goods as readily as was the case before the war. My information is that it would be possible to make up that deficiency to some extent by increasing the commercial dehydration of vegetables and fruits and also encouraging the home hydration of vegetables and fruits. What is the minister's department doing along these two lines?

Mr. GARDINER: The dehydrating of vegetables including potatoes was not carried on in any extensive way until a year ago. When the war first began we had been carrying on experiments in dehydration at different farms, more particularly at Kentville, Nova Scotia, and at Summerland, British Columbia. I think it was in the spring of 1941 when some inquiries were made as to whether we could provide dehydrated vegetables, fruits and potatoes to the British food ministry. I think that inquiry was made to the Department of Trade and Commerce through its officials. The officials who were dealing with it at the time were not fully familiar with what was being done in agriculture, but later on in the season the British representatives made representations to the Department of Agriculture, and we were able to satisfy them at that time that we had methods of dehydration which, if applied to some plants in Canada, might produce an

acceptable product. The British representatives made some suggestions as to what equipment might be put in, and those suggestions were added to by the dehydration officials of our different farms.

One of these men has been placed in charge of dehydration in Canada, and there has been the development of plants which was agreed upon between the British government and ourselves. The result is that we have some eight plants operating across Canada. These plants have had some assistance from the government, largely in the matter of how they should be equipped and some assistance in connection with getting the equipment and having it put in the plants. My understanding is that the government is not actually paying out cash, that the equipment is to be paid for by the plants themselves. As I say, some eight or possibly nine plants by now are operating in different places across Canada. They have been providing all the products for which we could get an outlet in our arrangement with the British government. I may say that a year ago, after we got the plants operating, we were not at all certain that we would get rid of all the dehydrated products we had at that time, but since that time satisfactory arrangements have been made and the British are taking these products.

Mr. KNOWLES: I should like to press further the local aspect of the matter. Is the department doing anything to increase the supply of dehydrated fruits to be avaiable in the home market to replace the canned fruits which are practically off the shelves of Canadian stores?

Mr. GARDINER: Ever since the beginning of the war we have had a contract with the Nova Scotia apple people under which apples were dehydrated and also canned. The government has taken delivery of a very considerable part of the apple crop and we have either canned or dehydrated the apples. During the first year of the war we actually gave away a considerable part of the dehydrated product to the British as part of our programme to help out in the marketing of a crop which in those days was not needed; that is, in the form of fresh apples. Since that time we have been encouraging housewives to can fruit and vegetables. We have put out pamphlets which indicate how this canning can be done most satisfactorily and how fruit and vegetables can be dehydrated in the home. That kind of work is being done constantly by the department right across Canada.

Mr. COLDWELL: This may have been covered while I have been away for the last few days, but in view of the fact that there is likely to be a shortage of potatoes in this part of Canada again and the possibility that we may have another large crop of potatoes in western Canada, is the department doing anything to see that our surplus potatoes in the west that may come into existence in the fall are properly stored with a view to shipping them later on to points in Canada where they are needed? The minister will remember as I do that last fall on a good many farms in western Canada there were piles of potatoes that could not be used, and yet, as we know, potatoes can be stored very simply. I have seen potatoes just put into a hole in the ground, and if it were deep enough and dry enough and had a little ventilation the potatoes would come out in the spring in excellent shape. I wonder if the department is contemplating urging farmers to store in such simple fashion any of their surplus potatoes under a sort of guarantee that they would be marketed under some government plan in the spring when they would be needed in those parts of Canada where there is likely to be a shortage.

Mr. GARDINER: There is considerable difficulty in determining very long in advance whether there will be a shortage.

Mr. COLDWELL: It looks very much that way now, with the rain rotting the potatoes.

Mr. GARDINER: It is, but I was just going to call my hon. friend's attention to the statement that was read in the house the other evening to the effect that there are now 5,000 cars of potatoes south of the line looking for a market, whereas two weeks ago we were worrying because we were not able to get potatoes. Potatoes are a crop that anyone can grow in his back yard, and we have been urging people to grow what we call victory gardens all across Canada. If they have been responding to the appeals we have been making, it is very difficult for anyone to estimate how many potatoes we shall have this fall. On the other hand, I think it is known to farmers right across Canada how potatoes can be pitted. It has long been the practice to pit potatoes for keeping during the winter. Publications go out from the department that give information to those not properly informed as to how that can be done.

I think one of the big problems in connection with potato marketing is this. With prices under control and the price based on some particular season of the year, the farmer finds that if he keeps his potatoes in the cellar during the winter and has to go down and pick them over in the spring and sacrifice

probably half of them in order to get the other half, good potatoes that can go on the market, he hesitates to do so if he is controlled by the price in the fall, particularly if labour is short in the spring, which it usually is. I think some attention will have to be given to encouraging the farmer to keep potatoes during the winter and have them ready for marketing in the spring. Right at the time of the potato shortage here I had a letter from a farmer telling me that he had just taken out one hundred bushels of his potatoes from his cellar and fed them to his pigs. He was complaining of the method that had been set up for moving these potatoes from his farm to where someone wanted them. I can understand the farmer doing that, and so can anyone who has been on the farm and knows how farmers store their potatoes and what a job they have in the spring with them and the labour involved in it. If there is a shortage of labour, and that is very likely in the spring, the farmer will feed the potatoes to the pigs. We do all we can to overcome that, but I am sure hon. members will realize we cannot overcome it all.

Mr. COLDWELL: I have another question that comes to some extent under the minister's department, but largely perhaps under the Department of Trade and Commerce. Is any attempt being made to solve the problem of the transportation of our wheat to the United States for feed? I ask that deliberately, because on Friday of last week I heard that question asked by the vice-president of the United States. Is there an answer to it? I could not answer it.

Mr. GARDINER: The position is this. We shall have in Canada about 649 million bushels of wheat in store at the end of this month, a carryover from preceding years. It is not all feed wheat, but it is wheat that can be fed. But we have a decided shortage of cars on both sides of the line with which to move the grain. That is on account of the fact that the cars are being used to ship minerals, largely iron, and to handle the output of our war factories.

I should say, too, that up until a few months ago there was an embargo on wheat entering the United States, with the exception of feed wheat, and the percentage of our feed wheat is comparatively low. The Americans have recently removed that embargo, but just removing the embargo did not start the wheat to move. There was a lack of cars and a lack of shipping on the lakes to move it. The officials of the wheat board visited Washington and discussed the matter with government and railway officials there, because, as the hon. member for Rosetown-Biggar says, this matter comes under the Department of Trade and Commerce, and they made an arrangement whereby the United States railways would place all the cars they could at the disposal of the Canadian railways to move grain to the head of the lakes. Every hon. member from the west knows that United States cars have been spotted at the towns all up and down our western railways to move the grain to the head of the lakes. It was supposed, if moved in United States cars, to be moved there to be at the disposal of the Americans who would take it away in United States ships.

Mr. COLDWELL: Are they buying the wheat from the wheat board?

Mr. GARDINER: They are buying on the market, but I presume most of it would come from the wheat board. They have bid prices of $1 on the market and take whatever supplies they can get. The grain is then supposed to move down the lakes on United States ships and in United States cars from United States ports. The Americans want the grain in their eastern states where the shortage chiefly exists. They have sufficient grain in the prairie sections where the grain is grown. The grain has to be shipped down the length of the lakes and reshipped by train to the points where it is required. There has been this difficulty of getting sufficient cars and shipping to move feed wheat or coarse grains in the quantities we would like it to move. They wanted to get 200 million bushels, and we would like to sell them 200 million bushels, but up to date they have moved under 100 million bushels. So that the position is not as we would like to have it. The difficulty is transportation, but the railways and shipping are doing the best they can.

Mr. COLDWELL: Have the two countries a joint organization to handle it?

Mr. GARDINER: Yes, there has been co-operation.

Mr. COLDWELL: That is what I was not clear about. Apparently the need for feed is becoming acute in the United States. They are faced apparently with the problem of shipping. I was not clear whether there was cooperation between the two sides of the line, and my impression was that some doubt existed in Washington. I wanted to be clear about that.

Mr. GARDINER: There is no reason why that feeling should exist. I have heard a little about the questioning that was done by Mr. Wallace. I was in Chicago about two weeks ago and have also heard the questions

he was asking and I think his questions were based on what was being said as to conditions on this side of the line. I found that many farmers across the border did not realize that there was as large a wheat surplus as there is in Canada, and consequently they were inclined to increase their own acreage in wheat, whereas we have a very large surplus here. That was one of the reasons why I went to Chicago, to make it apparent to them that the grain is here. There is still the transportation difficulty.

Mr. COLDWELL: The government should get its information board to do something about this, because there is apparently in the United States a lack of understanding of what this country has, of what it is doing and of what it has done. While this is not under the minister's department, I think every effort should be made to publicize what Canada has done toward furnishing free supplies to Great Britain last year and to the united nations this year, and what we are prepared to do in the way of production and the extent of co-operation which we are prepared to give and have given to the United States and the other allied nations. I feel that this is not understood.

Mr. BLACKMORE: Under what item will the minister be prepared to discuss the question of wool prices?

The CHAIRMAN: We are now on item 5. Freight assistance on western feed grains, $8,000,000.

Mr. BLACKMORE: I should like to have the minister's answer. The question of wool prices is very important and should be discussed.

Mr. GARDINER: The wool board is not under us, but still the special products board is; I think the best place to discuss it is here.

Mr. BLACKMORE: Under what item would the minister suggest that we discuss the price of beef?

Mr. GARDINER: Under what is called the bacon board; it should be the meat board now.

Mr. WRIGHT: On this item, freight assistance on western feed grains to eastern Canada, I think this is a policy of the government which was supported quite widely in western and eastern Canada. Would it be possible to have this freight assistance extended to commercial seed grains? What has happened during the past year is that a great deal of feed grain was shipped to eastern Canada and used for seed, because the additional freight on seed grain placed the price out of line with the price of feed grain, so that a lot of inferior seed has been sold in eastern Canada this year and a lot of good commercial seed had to be sold in western Canada for feed. That position will be even worse in the coming year, because in a great deal of eastern Canada not so much seed grain will be available this year as there was last year. It will be found that in 1944 large quantities of feed grain shipped to eastern Canada will be used for seed, and seed of inferior quality, when better seed is available and could be used to produce more grain than can be grown from the inferior grain. Would the government consider paying freight assistance on commercial seed for use in eastern Canada?

Mr. GARDINER: The freight policy was associated with an attempt to get food for Britain, and the payment of freight from Fort William east was in the hope that we could get enough western grain moved down into the eastern areas to feed all of the live stock there is on eastern farms. I do not know whether the government would be prepared to accept a policy of free freight on seed as well, coming from Fort William east. It is a new idea; I doubt very much whether it is necessary in order to get the results we desire to get at the present time. I am not sure whether the hon. member for Melfort has in mind seed grain or whether he has in mind alfalfa seed, which is grown in his constituency or in that area.

Mr. WRIGHT: I had not reference to alfalfa seed; I had reference to oats and barley and commercial coarse grain seed which is produced in large quantities and of good quality in western Canada, and has been shipped in considerable quantities to eastern Canada. My understanding is that that freight fell off this spring because some of the better carloads of feed grain were being used by eastern farmers for seed, rather than pay the additional cost on commercial seed grain of standard quality. The result is that there will not be as much production in eastern Canada from the inferior seed which has been used. I think the government would be quite justified in paying the freight so as to get better seed for eastern Canada, especially in view of the fact that there is likely to be a considerable shortage in seed grain in eastern Canada during the coming year.

Mr. GARDINER: Of course I would not be in a position to prove whether or not grain shipped down under the feed policy has been used for seed, other than to say this, that those who collect the money on the freight are supposed to prove that this grain is used for feed. Hon. members will understand that

when oats, for example, get out on to the farm it is difficult for any inspector to follow the shipment and say that these particular oats went into feed and these others went into the ground. Nevertheless payment is only supposed to be made if the grain is being fed. For example, we do not pay if grain is milled for any other purpose than feeding live stock. We pay on that proportion of the wheat which goes into bran and shorts which is fed to live stock, but we do not pay on the other part of the wheat which goes into flour. For the same reason we would not pay, if we knew it, on grain which is going into seed, under the present policy. I doubt very much if the government would be prepared to pay freight on seed grain under present circumstances.

Mr. QUELCH: Is this assistance being given to British Columbia as well?

Mr. GARDINER: Yes. The arrangement is the same. It starts from Calgary and Edmonton west as from Fort William east.

Mr. REID: Has the minister anything to show whether the consumption of grain has increased since the freight assistance has been put into effect?

Mr. GARDINER: Oh, yes; the amount we have shipped east has been greatly increased. It is about double.

Mr. REID: And west?

Mr. GARDINER: West, I would think about the same. The freight assistance amounted up to the end of the fiscal year 1943, in round figures, to the following sums: Ontario, $4,600,000; Quebec, $4,900,000; New Brunswick, $900,000; Nova Scotia, $1,300,000; Prince Edward Island $274,000; British Columbia, $1,218,000; making the total $13,343,000. The total for the fiscal year 1943 is $8,906,000, with an additional $708,000 being paid on wheat at eight cents a bushel.

Item agreed to.

Feeds administrator—

Payment of eight cents per bushel in respect of western wheat used exclusively as feed for live stock, $2,000,000.

Mr. ROSS (Souris): Does this apply to feed grain shipped east, or anywhere in Canada?

Mr. GARDINER: It applies on the same grain shipped to the same points as the other feed grain, and from the same points; that is, from Fort William east to any point and from Calgary and Edmonton west.

Mr. ROSS (Souris): But not to any point within the prairies themselves?

Mr. GARDINER: Yes.

Mr. CASTLEDEN: Why is this amount eight cents a bushel?

Mr. GARDINER: It is the difference between the price which the miller is presumed to get the wheat at, and the ninety cents.

Mr. CASTLEDEN: Is any of this $2,000,000 paid to millers who are using the wheat for making into flour? Are they paid on the proportion of the bran and shorts which are made out of wheat?

Mr. GARDINER: There is a ceiling on flour, and under that arrangement the miller gets his wheat at a certain price. That price is based on what he paid for wheat in September and October, 1941. But the farmer gets ninety cents a bushel for the wheat, and this puts the wheat for which the farmer gets ninety cents a bushel on a feeding basis eight cents lower than that.

Item agreed to.

Progress reported.

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

Tuesday, July 6, 1943

The house met at three o'clock.

REPORTS OF COMMITTEES

BANKING AND COMMERCE

First report of standing committee on Banking and Commerce—Mr. Moore.

PRIVATE BILLS

Mr. T. A. FONTAINE (St. Hyacinthe-Bagot) moved:

That the first report of the standing committee on miscellaneous private bills, presented to the house on July 2, 1943, be now concurred in.

Motion agreed to.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 115, for the relief of John Whitehead Casement.—Mr. Emmerson.

MOBILIZATION ACT

TORONTO MOBILIZATION DIVISION—ARRESTS AND PROSECUTIONS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Labour. I understand a radio broadcast heard over certain stations at noon to-day carried the

news that arrests had been made by the Royal Canadian Mounted Police of certain officials in Toronto under the jurisdiction of the Minister of Labour. I should be glad if the minister would make a statement to the house, so that we may be informed of the latest developments in this connection.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, prior to receiving notice of the hon. member's question I had a statement prepared with regard to this matter. It is as follows:

I feel that hon. members should be informed that this morning the divisional registrar of the mobilization division with headquarters at Toronto was arrested together with several others not connected with this or any other government department. The prosecution is in the hands of the Department of Justice. I am informed that the charge is laid under section 31 of the mobilization regulations—that is, doing an act likely to nullify or impede the operation of the regulations or aiding and abetting the person committing such an act. One of the inspectors of the mobilization section has been appointed acting registrar. The investigation has not implicated anyone else in the service.

FARMERS' CREDITORS

INQUIRY AS TO LEGISLATION TO AMEND ARRANGEMENT ACT

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I should like to ask a question of the Minister of Justice. When may we expect legislation regarding amendments to the Farmers' Creditors Arrangement Act? We are most anxious, now that the session is drawing to an end, to have these amendments before us.

Hon. L. S. ST. LAURENT (Minister of Justice): I can only repeat the information I gave the house on an earlier occasion. It is intended to bring down legislation as soon as the war appropriation measure, now before the house, is disposed of.

CHEESE

INQUIRY RESPECTING QUOTA AND PRICE

On the orders of the day:

Mr. G. S. WHITE (Hastings-Peterborough): Mr. Speaker, I should like to ask a question of the Minister of Agriculture. On May 17 of this year, when there was a discussion in the house in regard to the cheese quota for this year, and the price to be paid, the minister intimated, as reported at page 2720 of *Hansard*, that he might within a period of a few weeks be in a position to make some further announcement with respect to price. A press dispatch from Ottawa, dated July 4, states that on July 1 the cheese in storage is some 15,000,000 pounds less than it was on July 1, 1942. Is the minister in a position now to make some further statement?

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, the estimates having to do with the dairy board will be before the committee, I should hope, within the next few minutes. That would be the appropriate time to discuss this matter.

OLD AGE PENSIONS

RESOLUTION OF BAPTIST UNION OF WESTERN CANADA

On the orders of the day:

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Prime Minister or the Minister of Finance. Has the government received a resolution from the Baptist Union of Western Canada, which met in Winnipeg last week, urging the government to "accede to the overwhelming weight of public opinion" —and I quote those words from the resolution—by lowering the pensionable age to sixty-five, and by increasing the amount of the old age pension to $30 per month? If so, what reply has been made by the government?

Some hon. MEMBERS: Order.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Monday, July 5, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley —Mr. Bradette in the chair.

AGRICULTURE

Flax fibre administrator — administration, $30,500.

Mr. CASTLEDEN: How much flax was handled by this administrator, and what are the stocks at present on hand?

Hon. J. G. GARDINER (Minister of Agriculture): The hon. member is referring to fibre flax?

Mr. CASTLEDEN: Yes.

Mr. GARDINER: The only flax on hand is that not processed; they are working at the job all the time. During 1942 there was a fur-

ther expansion of acreage of some 2,500 acres, and three more mills commenced operations. The expansion of the industry is indicated in the following table:

1939	1942
8 mills	38 mills
8,300 acres	47,000 acres
1,344 tons	8,730 tons, estimated
$837,000	$3,202,000

During the year sixteen mills operated in Ontario and twenty-two in Quebec.

Item agreed to.

Fertilizers and pesticides administrator—administration, $31,600.

Fertilizers subventions and freight allowances, $1,000,000.

Mr. CRUICKSHANK: I should like to discuss a matter which I have taken up before with the minister. This time I am not in a critical mood, although I may be later in the day. Of the domestic corn produced in our province some eighty-five per cent is recovered in the form of ensilage. As the minister knows, the fertilizer subsidy does not apply to domestic corn. The farmers have been asked to increase the production of dairy products and it is felt that this subsidy should apply to this class of corn. I would ask that the minister have his department give consideration to this matter. I understand that some of the officials of the department in British Columbia have agreed with our estimate that we recover that percentage for dairy feed.

Mr. GARDINER: We should like to give a subsidy on corn, but unfortunately this year we have had to withdraw it from all corn. The reason is that we are short of fertilizers and we have to distribute them largely in connection with grass and other grain crops.

Item agreed to.

Seeds administrator—administration, $16,500.

Joint seed programme—1941, $180,000.

Mr. WRIGHT: Does this item cover vegetable seeds or grain seeds generally?

Mr. GARDINER: It covers stock seeds, alfalfa seed, red clover seed, oil bearing seed and seeds of that type, not only for Canada but those that are sent to Great Britain.

Mr. WRIGHT: Was there any surplus of alfalfa seed this year for export?

Mr. GARDINER: There was some for export last year and there will be some for export this year, but the amount will be somewhat limited.

Mr. DIEFENBAKER: How much was exported last year? If the minister has the figures, I should like to know what percentage came from western grain.

Mr. GARDINER: A total of 660,000 pounds of western seed was moved east, including approximately 357,000 pounds which was purchased by the board at not more than 33 cents per pound. On this latter quantity the government paid storage and transportation costs to eastern Canada in order that the seed could be distributed under the established ceiling prices.

Item agreed to.

Bacon board—administration, $71,300.

Mr. PERLEY: How many members are there on this board and how many employees are there?

Mr. GARDINER: There are six members of the board, and either four or five employees. I have not the names here at the moment. Then there is an advisory committee.

Mr. PERLEY: How often does this board meet?

Mr. GARDINER: The full board meets about once a month and sometimes more than that, but the manager, Mr. Pearsall, who is an official of the department, is constantly at work in connection with the activities of the board.

Mr. TUSTIN: I understand that the bacon board has now become the meat board; has there been any increase in the number of the board?

Mr. GARDINER: There has not been any increase, and we have not in mind the making of any.

Mr. TUSTIN: This morning in the committee we listened to a member of this board, and we were given to understand that the board is buying beef at a lower price during the coming year. Can the minister enlarge upon that statement?

Mr. GARDINER: As all members know, we are under price control, and so far as beef is concerned there is a selling price established of between 20 and 21 cents a pound for complete carcasses at Toronto. A flat ceiling on beef cuts is established throughout the year, and then from May 27 on to some time in the middle of August there is a floor established which is a quarter-cent below the ceiling. This gradually goes down until in October it is two and one-quarter cents below the ceiling. That is on the cuts of beef, not on the carcass. There is a floor price on the cuts which is a quarter-cent below the ceiling for the period through which we are now passing. This spread goes down to two and a half cents at the period at which the original ceiling prices were set, during September and

October. Then it starts to rise again until in the spring it is back up to within a quarter of a cent of the ceiling on cuts.

The result is that on live cattle there could be a spread at the widest point of about a cent a pound; that is, it could drop about a cent below the ceiling. We have an understanding that we will buy when cattle get down to that floor. These cattle are bought to take care of any deficiencies in the country outside of the area where they are bought. After the supply in Canada has been taken care of, we have an undertaking to supply any surplus beef to Britain. That beef must be frozen. If we buy that beef it would have to be put into freezers and frozen and eventually shipped to Britain.

Mr. FAIR: I think it would be well if the minister made clear to the house now that there is no guaranteed price to the producers, that the guarantee is only to the packer and that the producer is at the mercy of the market.

Mr. GARDINER: No. If the hon. member follows through what I have just been saying he will note that there cannot be any great spread which will accrue to the packer. We begin to buy beef when it gets down to the floor and see to it that that beef goes into freezers for shipment for Britain.

Mr. WRIGHT: The evidence given before the agriculture committee was that the government buys beefs only from the packer, that the price on the open market could drop as much as five cents a pound and the government would not purchase beef on the market, that they would only purchase from the packers at a given floor. There is no guarantee at all so far as the price on the open market is concerned.

Mr. GARDINER: There is probably some misunderstanding of the evidence. The board has the power to purchase beef and order it into packing plants and order it processed for the British market. We only buy beef, to be put into packing plants where it can be frozen. There is authority to see that that beef goes into freezers. The practical way of doing it, unless someone is trying to get a greater margin of profit than he is entitled to, would be simply to order the packing plants under certain circumstances to deliver a certain proportion of the purchases into the freezers. If there is any difficulty about it there is sufficient authority under the orders in council to permit of its being handled otherwise.

Mr. BLACKMORE: What we want to know is whether that authority is being used. Will the minister tell the committee by what sort of organization the beef feeders in a given area can sell their beef to a government agent in case they are unable to sell it on the open market at the price they should get?

Mr. GARDINER: I can assure all members of the committee that if it ever becomes necessary to use the authority we have we shall use it, but as long as we can carry on through the ordinary channels of trade, if that is not to the disadvantage of the producer or the consumer, we shall carry on in that way. But if we ever have reason to exercise our authority we will use it.

Mr. BLACKMORE: What would constitute such reason?

Mr. GARDINER: If, for instance, there were no buyers on a certain market and the price were allowed to go down, we would probably ask somebody to buy.

Mr. BLACKMORE: Suppose the buyers were refusing to pay the price they should pay?

Mr. GARDINER: That would be exactly the reason why we would take action. We have authority under those conditions to take action and secure the beef.

Mr. BLACKMORE: Suppose the farmers find the prices are too low; to whom can they apply in Alberta, for instance?

Mr. GARDINER: There are different ways of doing it. We can buy the cattle and notify the producer to ship them to certain plants to be slaughtered under our direction, or the government can secure them outright and have them sent to the plant. We have the authority to do anything that it is necessary to do, but we are not looking for trouble. If somebody creates trouble we will take action.

Mr. BLACKMORE: The trouble is that the Department of Agriculture has overlooked a serious situation. I have a letter here from a stock breeders association that fed 1,000 head last year, and the writer declares that out of approximately 1,000 head of cattle fed by the association not one brought as much as 12 cents, while many sold for 10½ and 10¼ cents.

Mr. GARDINER: On what market was that?

Mr. BLACKMORE: This is from the stock breeders association at Cardston. It does not say where they were selling, but they were unable to get government assistance. What I want to know is how they can get government assistance in a case of that kind.

Mr. GARDINER: They could wire to the department, or the hon. member could bring his wire to the department and the officials would act if action were warranted.

Mr. BLACKMORE: I turned over the wire I received from that organization about June 9 or 10, so that there was every opportunity for the department to take action.

Mr. GARDINER: That was the same wire that was referred to on a previous occasion?

Mr. BLACKMORE: Yes.

Mr. GARDINER: I think that was acted on.

Mr. BLACKMORE: It is an indication that all was not well, and if the minister had authority to act and did not use it I want to know what can be done in a similar case.

Mr. GARDINER: All I can say to the hon. member is that the market has not been going down. It has been rising, and surprising many people by rising over a considerable time. I think the situation can well be left to the kind of cattle dealers I know in the vicinity my hon. friend speaks of, who know the cattle business better than anybody else in Canada. As long as the price is keeping up or remaining at a dead level on the regular market, I think they can be trusted to sell their cattle at a fair price.

Mr. BLACKMORE: There are very few people who know more about cattle than the people who have written me.

Mr. GARDINER: That is exactly what I was saying.

Mr. BLACKMORE: And they were not able to get a price. That indicates that something is wrong.

Mr. GARDINER: The price was there on the market.

Mr. PERLEY: Will the minister explain why the market is advancing so rapidly? This morning's *Globe and Mail* says it has advanced forty cents a hundred. Why is it advancing so rapidly, in view of the announcement that the price will shortly be dropped one cent?

Mr. GARDINER: It is difficult to understand. Here we have one member telling us that a man cannot sell his cattle at a reasonable price, and another saying that prices are going up forty cents a hundred. There is something wrong somewhere between those two statements.

Mr. BLACKMORE: Exactly, and we want to have it corrected. There must be something wrong with the government's machinery. The people selling beef have no recourse in case the price is low.

Mr. GARDINER: There is something wrong, I think, with the report. I think that statement came at the end of a certain meeting. I think cattle have been marketed fairly successfully since then. We have had no further complaint that I know of from these people.

Mr. ROSS (Souris): A return which was brought down the other day showed that the Department of Munitions and Supply was buying beef for the armed forces above the ceiling price. If that department can buy at a price above the ceiling for the armed forces, it will readily be seen what a difficulty that creates. What liaison is there between the Department of Agriculture and the prices board in order to govern that situation?

Mr. GARDINER: There are two officers of the Department of Agriculture on the board. The manager of the meat board is also a member of the staff of the department. The Department of Munitions and Supply for many weeks now have been paying the ceiling price and not more than the ceiling price for beef.

Item agreed to.

Dairy products board—administration, $14,950.

Mr. CRUICKSHANK: I should like to say a word on this item, which the minister can pass very quickly if he will answer a question; then we may spend a couple of hours on the next item. I want to know how the subsidy paid on dairy products is arrived at. I have been trying to get this information for the last two weeks in the agriculture committee but so far have not succeeded. I presume it is not within the knowledge of the officials who have been there. How do they arrive at a set price on dairy products such as fluid milk? What is taken into account? Is the tax paid on land taken into account, the value of the land, the amount of wages paid, and other considerations in arriving at these subsidies?

Mr. GARDINER: Very early in the war the prices of dairy products were quite low. Butter was around 20 cents, cheese around 10 or 12 cents, and milk was about $1.60, but now prices are very much higher than that. The ceiling price on butter is 35 cents and the floor is 32 cents, and there is a subsidy on top of that of eight cents in the summer and ten cents in the winter. On cheese the price is slightly over 20 cents and on milk it runs from $1.85 to $2.50.

With regard to production, costs of course are different in different places, and I can

only say that we were told by representatives of the dairy industry, very early in the war and again no longer than eighteen months ago, that prices very much lower than the prices being paid now would cover cost of production. In fact, it was suggested that if prices were established very much lower than the prices we have now for the whole war the industry would be well taken care of. We did not establish those prices early in the war and therefore I can see that the dairy people would now be justified in asking for more than actual cost of production in order to balance some of the earnings of the present period against the period when we were under cost of production.

I recite these facts to show that some attention has been given to cost of production. We did attempt to get a price higher than we had been assured earlier in the war would cover cost of production, and we have prices considerably higher than that, believing that the farmers were entitled to more than cost of production because they took less for a time.

So far as recent arrangements are concerned, the dairy industry was consulted and the whole matter was discussed with them, both by the prices board and by representatives of the Department of Agriculture before the present subsidies, which are paid on top of the price, were provided; and we thought at the time we put them on that everyone was satisfied. We found afterwards, however, that there were some who were not entirely satisfied with the arrangement made, though we have considered the arrangement fairly satisfactory and we are abiding by it.

Mr. CRUICKSHANK: If these agriculture estimates were rushed through as they stand they would form interesting reading for the farmers. I appreciate the explanation the minister has given and I have been told by farm members from Ontario that they are satisfied with these particular prices. In British Columbia, as the minister knows, we are not satisfied. The deputy minister of agriculture, in his evidence, admitted that we had an exceptional situation in that province and that our costs were higher. The department has taken into consideration to a certain extent the question of cost of production. The minister has pointed out that the price of milk varies in different cities. I presume therefore he admits that it costs more to produce in certain areas than in others. This factor has not been taken into account so far as British Columbia is concerned.

I am not satisfied with the minister's answer. I should like to know who advised that farmers were satisfied with the prices that have been settled. In arriving at the subsidy, did the department assume that there is a difference in the quality of milk used for evaporated milk and in the fluid market respectively? In other words, one farm produces two ten-gallon cans of milk, ten gallons going to the fluid market and ten into the evaporated milk trade, both standard milk. Is there any difference in the quality? We do not think so. I should like to know whether the minister is of the opinion that there is a difference in the quality. When he answers that question I will ask another.

Mr. GARDINER: Of course, the hon. member, who is familiar with the dairy farming industry and also with the processing of milk, will understand that there are different conditions across Canada; that is to say, there are different requirements at different places for the delivery of milk. Whole milk is delivered in cities or towns of much smaller size and in certain areas costs have to be higher. They have to be higher in a large city than in smaller places. That accounts for some of the variations between the ceiling that may be placed and the subsidy that is established in some particular community. As regards the prices of processed milk as compared with whole milk, the lower price paid for processed milk is accounted for by the fact that there is a smaller demand for the canned milk in these particular communities than there is for whole milk. Whole milk is delivered, or was delivered before the war started, in some provinces, though not in British Columbia, under the direction of a milk board appointed provincially. That milk board dealt with the situation within the province. Quite often they established proportions of milk to be delivered by different suppliers. A certain percentage was to be delivered as whole milk and that was all that could be distributed as whole milk. The object was to distribute the business over the suppliers, and any milk outside that particular pool was sold at a different price. Much of that milk went into canning factories, into cheese or butter or something else. I do not believe that there was a board at that time in British Columbia, and there is not now; nevertheless the situation there is governed by the same consideration. There is a demand for a very considerable amount of whole milk in cities the size of Vancouver and Victoria, and that demand itself creates a price for whole milk. I am sure, however, it will be agreed that if the canning plants in British Columbia were to be asked to pay that same price for whole milk they would not be able to compete with canning factories elsewhere;

and much of this milk is sold not in the local community but in the general market outside. I understand there has been some difficulty in British Columbia because of the two prices paid for milk, one going into the canning plants and the other for use as whole milk.

Mr. CRUICKSHANK: It is quite true that we are not operating under a board similar to those established in other provinces. The marketing act, so far, has proved profitable only to the legal profession. It has been to the privy council half a dozen times. Seventy per cent of our farmers sell their milk in competition with the lower-priced milk products of Ontario—because the deputy minister has admitted that milk can be produced at lower cost in Ontario and Quebec than in British Columbia—and all of the remaining thirty per cent of the farmers in British Columbia market their milk on the fluid markets, yet by their very regulations, laid down not by the minister's department but in the holy of holies over here, we are compelled to pay our own farmers the prices they set for the fluid milk. In other words, we have our own wholesale plant and we are forced to pay to our wholesale plant the price they set for our producers. Unfortunately, the wartime prices board always consults the minority, and never the majority, when it comes to British Columbia, and so they compel us to pay to the retail trade the price they set for our own producers, which means the price that the minority or independent shipper wants to meet. We cannot see that there is any difference in the quality of milk and there should be no difference in the price.

The minister admitted the other day, indirectly at any rate, that there is a difference in the quality of milk produced. May I point out that the three maritime provinces and British Columbia are the only provinces which are entirely tuberculosis-free areas. I am including the maritime provinces; it is an honour to them. Our milk is therefore of a higher quality. We cannot see how the amount of subsidy is arrived at by the board, which we understand sets the price paid to the farmer, subject to approval by the wartime prices board. I understand the agriculture board sets the amount of the subsidy to be paid.

Mr. GARDINER: May I correct that at once. All prices are set by the prices board. Our board does not set prices, but the prices board does. That board, however, does discuss the matter of price with our food board. If we are not satisfied with a price when it is set, if we are not satisfied that the price will get the production we want, then we arrange for the subsidy. That goes on in addition to the price.

Mr. CRUICKSHANK: In other words, they set the ceiling price and your department arranges whatever subsidy is necessary. I am thinking about our evaporated milk. We did not particularly complain when you left it on in the summer months before. So far as I can understand from any witness down before the agriculture committee, the main reason of the subsidy is the incentive to increase production. So far as the Department of Agriculture is concerned the Fraser valley is admittedly a deficiency area for milk. I shall have quite a bit to say a little later about its being a deficiency area for potatoes. If the milk subsidy is put on for that reason, we think that that spread should go over on evaporated milk. It is admitted by departmental officials, either the deputy minister or one of the senior officials who appeared before us, that the cost of production in our province is a great deal higher than in any other part of Canada. This statement appears in evidence given before one of the committees. I would urge upon the minister that he take into consideration payment on the quality of milk, and bear in mind the cost of production in making recommendation of the subsidy. I say this with all due deference to the statements of his official, and I should like to know from the minister now which official stated that the price was satisfactory to the dairy farmers of Canada, and who recommended him.

Mr. GARDINER: What I stated was that we held meetings with officials of the dairy organizations across Canada—the Dairy Association of Canada, I think is the name of it—and we thought we were satisfying them.

Mr. CRUICKSHANK: That is different.

Mr. GARDINER: But I stated that afterwards we found out that some of them were not entirely satisfied, but that we had checked any dissatisfactions which were announced to us, and had satisfied ourselves that the arrangement should remain as it is for this season.

With regard to canned milk and whole milk in British Columbia, we have not been asking for canned milk from British Columbia, and that is one of the difficulties in connection with two or three of these products that are being discussed. I repeat that we have not asked British Columbia to supply us with canned milk. We would very much prefer that British Columbia should entirely take care of the local situation on the western side of Canada with regard to milk. In other words, we are not bidding for the milk of British Columbia. We quite admit that if we were, we would probably have to bid a higher price than we would for milk from some other places. But the supply which we wish

to send out of Canada we are obtaining at a lesser cost, where the freight rate is very much lower than if we shipped from British Columbia. I admit that that is not a complete answer. Some consideration should be given to British Columbia because of its location, because of the fact that freights from there are higher, and I think that some consideration has been given, although perhaps not enough, to that fact.

Mr. CRUICKSHANK: Did the minister say that we should look after the fluid milk?

Mr. GARDINER: I said that we would like you to.

Mr. CRUICKSHANK: I should like that statement explained a little. Are we not looking after it now? I should like to know where you are getting any milk in the province of British Columbia if that province does not produce for its fluid milk market. Surely that is not what the minister meant.

Mr. GARDINER: I meant just exactly what I said, that we are not anxious to get milk from British Columbia canned; we would very much prefer that British Columbia dispose of their milk as whole milk or butter rather than have it canned, and therefore we are not bidding up the price of canned milk to the price of fluid milk.

Mr. CRUICKSHANK: Surely the minister will admit that any dairy country, even Ontario, must have some place to dispose of its milk. You cannot in any dairy country or any dairy district dispose of all your milk on the fluid market. The minister knows that a certain percentage of it must be put in by-products—cheese, butter or evaporated milk—and obviously, with your fresh season and then your off season, you cannot sell all your milk in the fluid market in any dairying district. But last year 550,000 cases of evaporated milk were taken from British Columbia. Does anyone think that a dairy district can arrange to provide 550,000 cases of evaporated milk for the British market, which needed it so badly, in one year, and in the next year put all its milk on to the fluid or some other market?

Mr. WARREN: May I ask a question? It is directed to the hon. member for Fraser Valley.

Mr. CRUICKSHANK: I do not have to be a witness, but I shall be glad to answer it.

Mr. WARREN: My question is this. Fraser Valley has been represented in this house as one of the most fertile spots in the universe. Can the hon. member enlighten us on this point: why should the cost of production be so much higher in such a productive, fertile spot than in our raviney knolls and sandy hills down in Ontario?

Mr. REID: We can explain that. It is very easily explained. There are perhaps two or three reasons. First of all you must bear in mind that in British Columbia, in the lower Fraser valley, land clearing operations are very expensive. I do not think you can put under cultivation from the virgin forest in the Fraser valley one acre of land under $500 an acre. That is the first cause. Then we in British Columbia, industrially at least, have been more generous with our workers and have paid them more highly than any other province in Canada. We have led in social legislation, with the result that the costs have gone up. We have areas of very productive land which are kept productive only because they are under a diking system; they are alluvial land, and some of our farmers are paying on this account up to $7.50 per acre. Let anybody take the most highly taxed land in Ontario and ask the farmers there how they would like to pay $7.50 an acre in taxation. These are some of the factors which require that we in British Columbia should get a higher price than other provinces.

Mr. McNEVIN: I do not desire to enter into any controversy between Ontario farmers and British Columbia farmers, dairy or otherwise. But I understood the hon. member for Fraser Valley to say that the milk in British Columbia is of a higher quality because they are in an accredited area. That, I believe, pertains to the whole province. But I am sure that we in Ontario have a very much higher number of fully accredited herds of dairy cattle than any other part of the dominion. So that I think, taking it by and large, it cannot be established that milk is of a higher quality in one part of Canada than in another.

Mr. CRUICKSHANK: I have not said that our milk is of a higher quality throughout, but the hon. member has borne out exactly what I said, and if he lives in an accredited area—

Mr. McNEVIN: I do.

Mr. CRUICKSHANK: —he will know that his cattle cost more and are worth more than those in a non-accredited area. That is one of the points which I am glad he brought out. It hurts British Columbia members who are trying to get an increase in the price of their dairy products—and their potatoes, to which I shall refer in a minute—when apparently in some parts of Canada, certainly in

Ontario, hon. members are satisfied with prices; and I do not think it helps much when they cannot even stay and take it when we show that we are not satisfied with their statements.

I want to revert for a minute to the question of our costs, and repeat what the hon. member for New Westminster said about the diking areas. Not only that, but we have to pay up to $2.50 an acre drainage tax as well. On top of that, we have no industries out there, so that we cannot sell our milk in markets where plants which are subsidized by the government will pay a higher price for milk.

Mr. GILLIS: I wish to ask the minister if he would elaborate a little further the statement he made a moment ago, that the ceiling price of butter was 35 cents a pound and the floor 32 cents, with a ten-cent and an eight-cent subsidy. I assume that that subsidy goes to the farmer or to the milk producer. What I am interested in is the cost of the butter to the consumer. If your ceiling price is 35 cents a pound I suppose that for eastern Canada that is fixed as per Montreal. I do not know what the cost of butter in eastern Canada is at the present time, but I know that a year ago it was selling for 53 and 55 cents a pound. Now that you have a ceiling of 35 cents, and you are subsidizing the farmer to take up the extra cost to the extent that you have mentioned, why should that butter be retailed to the consumer at 55 and 53 cents a pound? Somebody is crashing the ceiling, or I do not understand the situation.

Mr. GARDINER: The position is that the ceiling is 35 cents, as I stated. The floor in May is 32 cents, and the floor advances three-eighths of a cent each month; at present it is 32 3/4 cents, and the price of butter at present is around 33 cents or a little higher. The price has been running about 33 cents for some time. What happens is that as soon as the creamery reports to the government that it has paid the eight-cent subsidy on butter fat—not on pounds of butter—to the farmer, the government reimburses it for the amount it pays to the farmer. It is of course clear from that that the money goes to the producer. The wholesale selling price is 35 cents at Montreal and 36 cents in the maritimes. The base figure is on Montreal, and then it is lower in the west and higher in the east. So that the wholesale price of butter in the maritimes ought to be based on that 36 cents—I am not speaking about the retail price.

Mr. TUSTIN: Plus the eight cents?

Mr. GARDINER: No; the eight cents is paid to the farmers.

Mr. TUSTIN: But it puts the price of butter up by eight cents?

Mr. GARDINER: No, not to the man who purchases it from a store. That is the reason for doing this. We pay the farmer a subsidy of eight cents so that the merchant does not have to charge the consumer a higher price. The idea is to keep down the cost of living. We pay to the producer, and that is not supposed to be passed on to the consumer. The producer gets it.

Mr. JOHNSTON (Bow River): Is there any control over the price at which the retailer must sell it?

Mr. GARDINER: Yes, and I believe that prosecutions are being lodged regularly where people have broken the ceiling regulations.

Mr. HANSELL: What protection has the producer of dairy products in respect of grades given by creameries, or by those who buy cream or eggs? Some time ago by government action the price of cream went up. It just happened that at that time I was in a certain section of the country where I received no end of complaints to the effect that the very moment the price went up their grades came down. Of course they blamed the creameries. I tried to get some information, but the information I received in my view was absurd—although it might not have been. I was told that on account of the heavy rains last year the growth of weeds had been prolific, and that the dairy cows had been eating weeds, with the result that the grade of cream came down. The peculiar thing however was that when the price went up the cows were eating weeds in the pasture. About that time I happened to be reading a newspaper in which I came across a small advertisement which read in this way, "Eggs and cream wanted; honest grades; quick return." I will not give the name of the dairy, but the fact that they advertised the giving of honest grades would seem to indicate that somewhere in the picture there may be some dishonest grades. What protection have the producers of dairy products when it comes to grading? They have no way of grading their own cream or eggs. They are at the mercy of those to whom they must sell. Are they sure they will get honest grades?

Mr. GARDINER: I am surprised to learn that the difficulties described exist in Alberta. The simple explanation is that the inspection of cream is carried on entirely by provincial authorities. They appoint inspectors. There is an inspector who inspects every plant. I believe under the Alberta legislation—and this is not true in some other places—the plant itself indirectly pays the salary of the inspector who does the grading. But I should not think

that that would result in there being any improper grading. I believe the provincial authorities in all the provinces take very good care to check carefully the grading of cream. I understand the system in Alberta is fairly complete, and if there is anything wrong with the grading in that province then that is the authority to which the hon. member should appeal.

Mr. HANSELL: The minister is assuming that the section of the country I was in was Alberta. I did not say so.

Mr. GARDINER: Well, all I can say is that it might be better if it were anywhere else in the west.

Mr. WHITE: The minister mentioned that he would give some information with respect to cheese. Is he prepared to do that now?

Mr. GARDINER: When the hon. member was speaking a few moments ago he referred to stock figures as of July 1. The figures I had intended to read, but which I shall not read unless the hon. member so desires, were those to the end of May. The stock figures as of July 1 are these: Total stock, based on nine cities across Canada, on July 1, 1942, amounted to 39,695,000 pounds. On July 1, 1943, it is 24,571,000 pounds. Those are the totals of stocks in store. There is about 15,000,000 pounds less in store this year than on July 1 a year ago. I gave figures to the house the other day which indicate that exports are still higher this year than they were a year ago, indicating that up to date we are pretty well keeping up in our deliveries to Great Britain, under contract. We have no intention of changing the cheese price this year; we intend to go through the season on that cheese price.

Mr. WHITE: The figures given by the minister last week, as reported at page 4313 of Hansard, indicate that the production of cheese in the period of January to May, 1943, as compared with the same period in 1942, was down to the extent of fifty per cent, or 52,000,000 pounds to 26,000,000 pounds. The minister has just stated that cheese in storage amounts to 15,000,000 pounds. When we look at the exports we find that exports for 1943 as compared with those of 1942 are up by only 6,000,000 pounds. Will the minister explain where the extra quantity of cheese is coming from to fill the quota?

Mr. GARDINER: Part of it comes from the surplus carried through from last year.

Mr. WHITE: But, from now on, what is it?

Mr. GARDINER: I shall come to that in a moment. Part of what is contained in the extra exports which have gone overseas, up to date, came out of surpluses carried over from last year, and we knew about that when we were setting the position for this year. The position we took at the beginning of the season was that we wanted a certain distribution of milk in order to get the result we had undertaken, whether for the home market or for the British market. We took certain action very early in the season, and announced it, in the hope that we would get a certain amount of cheese for the British market, a certain amount of whole milk for our own market, and a certain amount of butter for our own market. The present position is that in the week ending July 3, 1943, as compared with the similar week in 1942, in western Ontario—the region west of Toronto—we had 7,513 boxes inspected, and in 1942 we had 8,575. That is a decrease of 12·4 per cent in western Ontario as compared with the same week in the same area last year. In Ontario east of Toronto the total this year is 40,998 boxes, and last year it amounted to 42,841 boxes, the decrease being only 4·3 per cent. In other words, as I have stated before, this was a backward season in the early weeks. It was suggested that as the season advanced we would gradually overtake our production of last year. In eastern Ontario we have nearly reached our production of last year; in the last week for which we have figures we are down only 4·3 per cent. In Quebec we are down 25·6 per cent, the production being 21,863 boxes for that week as compared with 29,529 boxes a year ago. The total reduction for that week in Ontario and Quebec amounts to 13·5 per cent. The cumulative position at the end of this period last year was 643,000 boxes as compared with 386,000 boxes this year. That is the total production from April 1, the beginning of the cheese year. This year for this period we are down 39·9 per cent. That is about as near as I can come to the position. By taking all the cheese that is coming onto the market and by taking the carry-over from last year, we have been making the exports of which I have spoken.

Mr. WHITE: The minister has given the figures up to the first week in July. Does he feel that we are going to be able to meet our quota and still have cheese left for Canada?

Mr. GARDINER: We have not yet reached our peak. It is impossible to say definitely whether we will reach it, but we are going to come near enough to reaching it to reach the position we expected to reach at the beginning of the season.

Mr. WHITE: Is not June usually the peak?

Mr. GARDINER: Everyone knows that we are about a month late this year because of the backward season.

Mr. WHITE: Did the minister mean a moment ago that there is not going to be any adjustment in the price of cheese for 1943?

Mr. GARDINER: I should think the fact that we have come up to what is usually the peak period without making any adjustment would be the answer to that. But I have stated definitely that we are not going to make any change.

Mr. WOOD: I think the minister or those who are responsible for setting the prices of dairy products in this country should give some consideration to the amount of labour that is put into dairy production. This has been a rather unusual season and I do not expect that the production of dairy products will continue to rise. After all, weather conditions have a considerable bearing upon the production we expect to get from our dairy herds. I do not think the minister is quite within his rights to be so resolute and to say that he does not expect to increase the price. Monetary reward should not always be the consideration, but when we consider that Ontario is going to have only half a crop at best, we must realize that there will be many farmers who will have to buy grain. It is only reasonable to expect that there will be a decrease in dairy production because of that. There are farmers who are well enough off to be able to go out and buy a carload of western grain and thus keep up the production of their herds, but there are many others, and I think they are in the majority, who will not be able to do that. The minister would be wise to keep the present weather conditions in mind. As a practical farmer I do not expect that we shall be able to fulfil our quota of dairy products. Some will have to go without certain things they expect to get if we are to fulfil our agreement with our friends, and I am in favour of doing that. Dairying is an every-day job and it takes a lot of stamina for a man to milk his cows twice a day, seven days a week, three hundred and sixty-five days in the year. We have been somewhat concerned at the number of dairy cattle being sold in the United States. I realize that this is a lucrative market for live stock—

Mr. BLACKMORE: Will the hon. member tell us why these cattle are going across to the United States?

Mr. WOOD: The United States market is very good at the present time. These people are coming over to Canada and offering extreme prices for dairy cattle, prices not warranted by the ability of the cattle to produce. Many farmers faced with the shortage of labour are selling their surplus cattle, cashing in, as it were. It is a dollars and cents proposition.

Mr. BLACKMORE: Prices must be much better in the United States.

Mr. WOOD: Another reason is the fact that the dairy farmer or live stock producer in Canada turns out a better product than the man in the United States. They come over here to buy cattle in order to keep up the standards of their herds. With the prices they are willing to pay for cattle the average farmer is tempted to sell. Many men are short of help, and this is a lucrative market. But in my opinion this is one thing that will impair the production of dairy products in this country. With the weather conditions we have had, with the shortage of labour we are faced with, I think the minister should keep in mind the fact that there is likely to be an impairment of production.

Mr. GARDINER: For the week ending June 24, 1943, there were 516 dairy cattle exported to the United States; the exports for the same week in 1942 were 463, a difference of about 53. From January 1 to June 24, 1943, the exports amounted to 19,878 cattle; in the same period in 1942 they were 10,341, a difference of 9,537 for the period. However, in spite of the fact that we have exported that number of cattle, we have more cows in Canada to-day than we have ever had before, four million in round figures. We are shipping cows to the United States in greater numbers to-day than we were before because prices are better. That is all to the good so far as the farmer who is going to sell is concerned. While he is selling cows, there are actually more cows being kept by the whole group of farmers than ever before. I am not going to take individual cases. As has been said many times during this session, there are many farmers of seventy years of age and over who are taking advantage of the higher prices to sell their farms. Some of them are selling their live stock, breeding stock or whatever they may have. Some of this is distributed to other farmers in the community, but some goes across the line. Buyers are continually trying to pick up cows to take to the other side of the line, all of which I think is to the good. This is the one thing that is left to the farmer to sell freely in the United States at a good price. I hope

that hon. members are not going to take the position that it should not be permitted. So far as I am concerned I am not going to prevent him from doing it. If he can raise cows and calves and sell them in the United States for more money than he can get in Canada, I hope he will keep right on selling them as long as the farmers as a whole keep as many cows as were kept before. That is what they are doing.

The figures on cheese have not given the picture so far as dairying is concerned. We started out in 1936 to try to get our production of cheese up to 200,000,000 pounds in a year. Last year we passed that figure. We did not start that since the war began; we started it the first year I was in the department, in 1936. We advertised for it, we put out a programme and we got up the production even before the war started. Since the war started we have been able to increase it even more, until last year we had double the production of cheese that we had in 1935, or a little more than double. Then when we got our production doubled we were told by the people to whom we were supplying the cheese that they were not at all sure they wanted to take it all. It was not our intention under those conditions to ask the farmer for a large increase in cheese, and we asked him to produce the same amount of cheese as he produced last year. We told the British we would do all we could to get them 150,000,000 pounds. Last year we told them we would do all we could to get them 125,000,000 pounds, and before we got them that amount they suggested we might ease up. We have to consider our own farmers as well as others, even when we are at war. We suggested that this year we would do the best we could do to get them 150,000,000 pounds, but that our butter is selling in Canada at prices such as were indicated a moment ago and that we cannot sell it in competition with anyone else outside of Canada. There was butter landed in Canada within the last few months—landed, but it did not remain here—from New Zealand and Australia, where they are supposed to get good prices for farm products, at 26 cents a pound, while our farmers in Canada are getting for their butter the prices that have been mentioned. We intend to see that our farmers in Canada get that price for their butter, and in doing so we think we are helping the farmer. The greater production of butter this year is putting more money into the pockets of the farmer, and I think the farmer is entitled to it. We intend to carry that policy through as we have it now, with the increased production of butter and whole milk which is bringing a higher price than it brought before the war. We want the farmer to sell as much whole milk as he can sell in this country, and at present prices he is getting some return.

I agree with the hon. member for Brant that our farmers have to get some attention and consideration. Their wages and costs generally are higher, and in following the policy we are following we are getting more milk out of the cows in Canada than we ever got before, and the farmer is selling more milk than he ever sold before and at a higher average price than has prevailed for a long time. We intend to try to maintain that position, because we realize that the dairy farmer has to put in longer hours and more labour than some of the rest of us who happen to be farmers.

Mr. CARDIFF: I am glad that the Minister of Agriculture is so optimistic, but he would have to be to hold the position he does. I think no other class of people have stepped up to the war effort better than the dairy farmers of this country; that no other class of farmer has had the difficulties which the dairy farmer has had to face. It takes a lot of labour to run a dairy farm and, as hon. members know, labour is so short that the dairy farmer has been up against it for labour. We have come to the point where a lot of dairy farmers in my riding feel they have almost gone to the limit, that they have carried on about as long as they could. Many of them are up in years and they cannot take the hard work that is involved in dairy farming, nor are they entirely satisfied with the treatment they have received. True, they are getting better prices than they ever did before, but they never got enough money before.

There is one place where I think some correction could be made. We have travelling throughout Ontario, and the same perhaps may be said of other provinces, an army of inspectors. A creamery and dairy plant in my own town has five inspectors calling there constantly. Can anyone tell me why five inspectors should call at one plant? I can readily understand that one inspector might call to inspect the electrical equipment, but why five inspectors should call at one plant is more than I can understand. I do not know but that there is some negligence in having so many inspectors going around to these places; because whether you take a quart of cream out of a can or put one in, the test comes out about the same. It is possible, of course, that some of these inspectors are for the Ontario government, but undoubtedly there

seems to be overlapping in this inspection work, and I think the amount of money that is spent on it could be very well cut, and the producers might then be better satisfied than they are at present.

Mr. GARDINER: We have only five inspectors for the whole province of Ontario, and I do not think they would all call at the one plant on the one day. No doubt there is a health inspector for the town and a health inspector for the county, and probably the province has an agriculture inspector. But so far as this department is concerned we have only five inspectors for the whole province, so that if any criticism is due it is not coming to this department.

Mr. COLDWELL: I was glad to hear the minister say that he was not going to interfere with farmers in this important industry getting what they can for their produce under present circumstances. I believe we have to find ways and means of encouraging greater production of dairy products and meat products, particularly in view of the shortages we have been experiencing for the last several months.

I wonder if the committee realizes the extent to which agriculture has been discouraged and to a large extent neglected during this war period. I do not want to raise the question of aluminum again, but I would just point out that we have poured hundreds of millions of dollars into industry while we have done virtually nothing to improve the apparatus which our farmers have to use to produce their products. I am of the opinion that if we had early in the war adopted a system to encourage our farmers to use better machinery, and had helped them to finance it as we have helped industry to finance its machinery, we would not now be facing these shortages and agriculture would be in a very much better position. Agriculture is an unorganized industry, an industry with very little united power, whereas in other industries we are dealing wtih powerful organizations. I think of some of these concerns to which we have been paying, through the price level, hundreds of millions of dollars. Yet if we had suggested that the farmers increase their production, their herds, let us say, by fifty per cent, and make additions to their barns to give them fifty per cent more capacity, and purchase milking machinery because of the shortage of labour, and if we had said that we would fix a price level that would enable them to pay back during the course of the war the cost of all these things, and make a profit too, what an uproar there would have been! But that is exactly what we have been doing for some of these big corporations, including the Aluminum Company of Canada.

On Sunday I had the opportunity of seeing the wonderful work that is being done by technicians and ordinary working men at Arvida. I admired that work, but we and our allies are paying for all that, and when I heard the hon. member for Brant speaking this afternoon and realized how little we have done to encourage agriculture, I could not refrain from making the contrast in my mind, especially when I think of the shortages we face in food and dairy products. I hope everything will be done to encourage the dairy industry and other branches of agriculture to get new machinery and new equipment to increase their production, because it will all be needed in the future. To-day we are on short commons. Probably in the future, when the war ends, the demand for food will be so great that we shall have to continue rationing unless we can increase our production to a very large degree. I think some ways and means should be found of enabling the agricultural producers to equip themselves better, improve their herds, and get some machinery to meet the present labour shortage on the farms; and I hope that this will be given some consideration by the government and by the house.

Mr. GARDINER: I do not think that I can let these remarks go by without saying something further. I will be the first to admit that, as was stated, I believe by the hon. member for Huron North, farmers are not getting enough, and probably never did get as much as they should get; and I would also be the last to suggest that farmers are getting as much for their products out of the war as some others are. Probably there is a reason for both those conditions which we do not need to discuss to-day. But when the hon. member for Rosetown-Biggar makes the general statement that hundreds of millions of dollars are going into plants like the Arvida plant as a result of the activities of the government, I think I can also say that hundreds of millions of dollars are going into the pockets of the farming industry to-day, as a result of the activities of the government, though probably not as many hundreds of millions of dollars.

Mr. COLDWELL: A much larger number of people are involved.

Mr. GARDINER: Well, I do not know how many are involved.

An hon. MEMBER: I do.

Mr. GARDINER: My hon. friend says "I do." But when one speaks of all the industries in Canada—

Mr. MacNICOL: And all their employees.

Mr. COLDWELL: I am not thinking of the employees.

Mr. GARDINER: —and all the industry of the united nations, I am doubtful, if all those millions cover the cost of getting the materials turned out by plants, as to which of us is dealing with the more people. There is some doubt about that. In any event I do not think I can let the statement go by that the government has been arranging for hundreds of millions of dollars to go into industry, because of the necessity of getting munitions, machines of war, and ships, and that very little or no attention has been paid to agriculture.

One would have to recall that, in the first place, ever since this war began, and before it began, the government has been prepared to take every bushel of wheat which has been delivered to the elevators from western Canada, whether it could be sold or not. Anyone may say that the price is not high enough. I venture to say some of the people in some of the industrial plants will say that the price for their products is not high enough either. But that does not do away with the fact that if the government had not done that, the price would have been a lot lower. We have been taking the wheat and guaranteeing for some time advances of ninety cents a bushel. Before that we were taking wheat at a guaranteed advance of seventy cents.

Mr. CASTLEDEN: The minister means, the quota.

Mr. GARDINER: No, we were prepared to take every bushel delivered to the elevators with that advance, and sell it to the best advantage we could for the farmer, and eventually give him the benefit of anything we got in addition. Until the last two years this applied to all the wheat. In the last two years it has applied on a quota, but we expect eventually to take it all. We were prepared to do it, and we have been doing it, but the fact is that it has taken hundreds of millions of dollars out of the treasury of Canada to do that job. Whether it is getting enough into the pockets of the farmers is another question, but in answer to the statement that we are providing hundreds of millions of dollars to get munitions and other supplies, is the fact that we are making this provision for the farmer. I think I can say without fear of contradiction that there would not have been an advance from ten cents a pound to over twenty cents a pound on cheese if the government had not been prepared ever since the war started to take delivery of every surplus pound of cheese and see that it was properly handled and delivered to Britain. Probably I can say the same thing with regard to pork products.

I know my friends can say, "If you had left the American boundary open you could have sent it all over there at even a higher price." Well, gentlemen in this house who were talking about rationing and about shortages know what that would have meant. Of course in war time, with the great country to the south not in the war until the winter of 1941, and with this country in the war, our products could have gone to the United States, and what would we have been doing in this country? With a nation of 130,000,000 living alongside of us who were in the war, and with their production up very high because of the demands which were made upon them for supplies, and with prices rising there, all the farm products of this country would have gone to the United States, and we would not only have been attempting to produce, as we are to-day, to supply Britain and other countries, but we would have been in other difficulties in addition to those we are in now. In order to safeguard against that, the government, right from the beginning, when we were paying from three to five cents a pound more for hogs than was paid in the United States, took all the hogs in spite of the fact that we could not deliver them all in the first year to Great Britain. In the second year of the war we took them, and we continued to do so all that year, before the United States price began to interfere with the shipment of hogs from this country to Great Britain. Then when it did, we began to pay the United States price and kept our prices up to theirs until the fall of the year, and in the fall of that year a price ceiling was established, which has taken care of the situation from that time. We went to Britain and made an agreement with her, and when the price was higher than she thought she should pay, we added 15 shillings last year to the then price, and this year we added 25 shillings, and for the future we are proposing to pay even a larger proportion than that. To leave out of consideration altogether, what the government has done to help the farmer, is not, I think, being altogether fair in discussing the situation as it exists. Again I come back to the position that anyone can get up and say, "Yes, you first closed the United States boundary." In war time, boundaries are closed everywhere. There is a gentleman in the senate who meets me in the hall once in a while and says, "There are only

two of us left." The first time he said that I asked him, "What do you mean?" He said, "Only two free traders."

Mr. CRUICKSHANK: Make it three.

Mr. GARDINER: I can say this: if we had our way we would be free traders.

Mr. COLDWELL: I was going to ask, who was the other besides the senator?

Mr. GARDINER: He was including me in that.

Mr. ROSS (Moose Jaw): And me.

Mr. GARDINER: But in war time there is no such thing as free trade. When Britain drew her navy across the oceans she said, "In self-preservation we must see that goods are not carried into Europe. There cannot be any free trade." When Hitler sent his armies out he said, "Not only can there be no free trade, but I am going to take all I want." There cannot be any free trade in the world while that condition prevails. So that we in this country, with our small population as compared with the large populations elsewhere, had to safeguard our position. But even before we had to do that, we paid our own farmers more for some products than they could have obtained even in the United States; and I say to my hon. friends that if they will do what I have done—I have the figures on my desk here, as a matter of fact—and will take the prices as they prevail in the United States and all the costs of getting our products into the United States, it will surprise them to see how close our prices are to those of our neighbours to the south, taking these matters into consideration.

For example, wheat at Winnipeg is from $1 to $1.02 a bushel. There is a 42 cent duty on it going into the United States, and if you add that amount to the Winnipeg price you will find that it is not very far from the United States price any day that the market operates. If one considers also freight and exchange, it will be found that in respect of all our products we are very much closer to the United States returns, when our production subsidies are added on top of our price, than most hon. members seem to think we are.

Under these circumstances I just want to emphasize that the government has not forgotten the farmer. We have been doing, I think, as much for the farmer—and I have been in some of the other countries—as most of the nations with which we are allied, and very much more than those against whom we are fighting.

Mr. BLACKMORE: In my opinion these cows which are going into the United States should be purchased by the dominion government and distributed in Canada. Whatever device is necessary in order to do that, the government should adopt. You will see a time when we shall be short of dairy products in this country; then it will be too bad, and too late.

I believe that the price we are paying for milk and dairy products generally is too low. We can make all the fine beautiful theories and apologies we desire to make—Liberals are quite strong on that—but the simple fact remains that the price is not high enough at the present time to justify young men going into the farming business and building themselves up. A good deal remains to be done. When the appropriate time comes I intend to discuss the matter of wool. I will not discuss it now.

Mr. GARDINER: That will come under special products.

Mr. BLACKMORE: When the government says that it is being fair to the farmers of this country the government is just completely wrong.

Mr. PERLEY: I want to make a brief plea for Saskatchewan. I should like to see the dairy products board pay a little more attention to that province by assisting them in the matter of producing dairy products. This afternoon's discussion has covered quite a wide field; just recently it extended to the grain business.

Mr. MacNICOL: And free trade.

Mr. PERLEY: We have also had a little display of competition between the provinces. We heard from British Columbia, and the Ontario members have come to the rescue of their province with respect to the cost of production, particularly of dairy products.

The minister gave some interesting figures with respect to the number of cows in Canada and the price of butter and fluid milk. Also he pointed out that in the production of dairy products long hours and a good deal of labour are required. He made an interesting statement with regard to the number of cows in Canada. Perhaps he will give us the number of dairy cows in Saskatchewan. The statement is interesting when we recall that in 1936 he passed an order whereby the dairy farmers in Saskatchewan had to dispose of their cows, retaining not more than four apart from actual dairy herds. Hon. members will recall that there was a good deal of criticism of that action, because it dealt a severe blow to the dairy industry in that province, and it took the farmers there a little while to get back to the number of cows they had prior to

that order. It had to do with the necessary relief to farmers in connection with feed and other considerations in that province. I wish the minister would give us a little more information along that line.

With reference to certain remarks made by hon. members representing constituencies in British Columbia and Ontario, I have here a table showing the number of man-power hours required to produce various articles of food that are produced on the farms—butter, cheese, pork, beef, milk and so on—in comparison with similar production in other provinces. Here I want to put in a word for Saskatchewan, because I said that I hoped the dairy board would give some attention to that province. This table shows that it requires, to produce sufficient fluid milk to provide for the needs of one person for a year, 120 man-power hours, which is less than the number required in any other province. I have similar tables for other products, wheat, pork, beef, cheese, butter and so on. Saskatchewan shows up pretty well, and is becoming a diversified farming province. I simply wanted to make this statement to show that Saskatchewan holds a favourable position in regard to the number of man-power hours required to produce a sufficiency of food for one person for a year in any line produced on the farms.

Mr. REID: Who made that compilation?

Mr. PERLEY: I prepared the table myself.

Some hon. MEMBERS: Oh, oh.

Mr. PERLEY: You need not laugh. In my office I have a table which I have taken from the records of the bureau of statistics in Canada and the national research council in the United States. I put the two together and I can produce a comparative table if hon. members would like to have it on the record.

Mr. WRIGHT: The Minister of Agriculture said that the government had paid hundreds of millions of dollars in subsidies to Canadian agriculture since the war started.

Mr. GARDINER: Do not put words into my mouth. I did not say subsidies. I said that the government provided hundreds of millions to take care of certain farm products, just as it does with regard to other products.

Mr. COLDWELL: Most of it you got back.

Mr. GARDINER: That is true in everything. I noticed that a speech which was made outside the house contained the statement that fifteen per cent of the profit did not come back. If eighty-five per cent of the profit went back, and much of the capital, that is a different matter from representing that every dollar paid remains with the industry.

Mr. WRIGHT: There has not been that amount of money spent to date in agriculture in Canada, in the way of subsidies, during war time. As a matter of fact, I do not think there has been $100,000,000.

Mr. GARDINER: In acreage payment and subsidies there has been much more than $100,000,000 over the period, or pretty close to $100,000,000 in one year.

Mr. WRIGHT: One hundred million in acreage bonuses and subsidies?

Mr. GARDINER: Yes.

Mr. WRIGHT: Would the minister put the figures on the record to show what has actually been paid?

Mr. GARDINER: I will when we get into the wheat acreage reduction under my other estimates. I will give all the figures.

Mr. WRIGHT: The minister also said that he was one of the few free traders left in the house. How does he explain the government's policy—

Mr. GARDINER: I did not say that either. I said that another gentleman so designated me when we met in the hall.

Mr. WRIGHT: The minister has a nice way of taking credit to himself for what others say. How does he explain the policy by which the government the other day took the war exchange tax off vegetables coming into the country but did not take it off implements which the producers in Canada require to produce these commodities?

Mr. GARDINER: If you look at your potato speech you will know why.

Mr. WRIGHT: To be fair, they should at least have taken the 10 per cent war exchange tax off the implements of production that farmers need in order to produce goods of the kind which the government are allowing to come into the country. Since the war started the farmers have been paying approximately 28½ per cent in exchange and tariff on the regular line of implements they use, and on some implements as high as 46½ per cent. In view of these facts I do not know how the minister can say that he as a member of the present government believes in free trade.

The CHAIRMAN: Perhaps I may be allowed to intervene here. I rather think it would be the feeling of the committee that hon. members should keep within the limits of the item under discussion. The present discussion seems to me to be irrelevant to the item, which has to do with dairy products.

Mr. ROSS (Souris): Occasionally the minister and his supporters take credit for all the money that has been spent to assist agriculture, but I suggest that if we had the figures since the beginning of the war it would be found that they do not amount to over 8 per cent of what industry has received. I will not labour that point. There seems to be a controversy as to who comes from the best dairy province. I come from Manitoba, a province which for seventeen successive years carried off prizes for the best creamery butter produced in that period. As regards the question of creamery inspectors, I am not clear whether this is entirely within provincial jurisdiction or whether there is some liaison between the province and the federal Department of Agriculture. At certain seasons of the year these inspectors are rather lax. Whose responsibility is that?

Mr. GARDINER: Cream inspection is all provincial. We have butter graders and people who inspect products going out of the province, but the inspection of cream is all done by provincial men.

Mr. WOOD: I will try to keep within the confines of the item, but seeing that there has been some latitude in the discussion I should like to place on the record certain facts I have discovered in a return that was tabled on June 16 by the Department of Finance in response to a motion of the hon. member for Mégantic-Frontenac (Mr. Lafontaine). The return shows the numbers and the amounts of repayments made by farmers in each province who obtained loans from the Canadian farm loan board during the years from 1938 to 1942 inclusive. After all, perhaps the measuring stick of prosperity of agriculture may be determined to a large extent by the ability of the farmers to retire their indebtedness. I would point out that possibly the provinces that produced dairy products have enjoyed a little greater prosperity through the difficult times than other provinces that do not produce these commodities. As the hon. member for Rosetown-Biggar made a plea for the farmer, he will probably be interested in an analysis which I have made of that return. I should like the hon. member for Huron North also to follow closely the observations I shall make as a result of some Ripleyizing I have done of the return in question. It gives the number of payments made by the farmers in the various provinces in the years indicated and the amount of money that has been paid out, and I have averaged it and discovered that in Ontario, for every dollar paid on the farm loan in 1938, the farmer had been able to pay $1.73 in 1943.

Mr. CRUICKSHANK: At the expense of the rest of Canada.

Mr. WOOD: That was to the end of March. No, it is not at the expense of the rest of Canada. I am speaking of the ability of farmers to retire their indebtedness, and Ontario has made the best record in spite of the fact that we are not supposed to be farmers in that province.

Mr. ROSS (Souris): That record is attributable to the fact that you have an industrial market at your door.

Mr. WOOD: That may have some bearing on it, but in answer to the hon. member for Souris I suggest that we analyse the figures for Manitoba. Manitoba is not as far from industrial markets as Saskatchewan. For every dollar his province paid in 1938, only 69 cents was paid in 1943. And there is Saskatchewan.

Mr. ROSS (Souris): The boys are all in the army in Manitoba.

Mr. WOOD: They were not in 1938. Then it goes on—

Mr. QUELCH: Are those payments made with respect to dairy produce?

Mr. WOOD: No; these are total payments made to the federal farm loan organization upon mortgages. These are repayments on the loan.

Mr. QUELCH: What has that to do with this item?

Mr. WOOD: I am carrying out the argument offered by the Minister of Agriculture that the contribution this government has made to agriculture, by way of subsidies and encouragement to agriculture, has been substantial, and that we are getting results, as indicated by the ability of farmers in the various provinces to retire their indebtedness. Is there any other better measuring stick to substantiate the argument offered by the minister than the ability of farmers to pay off the mortgages? I think that is one of the best measuring sticks possible.

Mr. ROSS (Souris): The hon. member should take that up with the Minister of Finance. Let the Minister of Agriculture get his statement there.

Mr. WOOD: The hon. member for Souris is one hon. member who is most talkative about getting some advantage for the farmer. I say you cannot divorce financing from farming, when measuring the prosperity of agriculture.

Mr. ROSS (Souris): I do not see any hope of getting any help from the hon. member's speech.

Mr. WOOD: I insist upon placing this record on *Hansard*, for the benefit of the hon. member for Souris.

Mr. QUELCH: Mr. Chairman, are we discussing farm indebtedness or dairy production? I understand a bill will be introduced later, and that it will deal with the matter of farm indebtedness.

The CHAIRMAN: I believe the point is well taken. I must confess I have allowed considerable latitude, but I think the time has arrived when we should confine ourselves to the item.

Mr. JOHNSTON (Bow River): Mr. Chairman, are you going to allow the discussion to continue?

Mr. WOOD: I shall try to comply with the ruling, and I shall complete my observations as soon as possible. What I have said is, I believe, the conclusion which must be drawn in connection with the matter of the prosperity of the farmers in Canada.

Mr. COLDWELL: What is the hon. member's figure for Saskatchewan?

Mr. WOOD: I am glad the hon. member for Rosetown-Biggar is interested. In spite of the difficulty that province has had with the drouth condition it has a creditable record. For every dollar paid on farm loan in 1938, they have paid $1.08 in 1943. On top of that, four times as many loans are being paid in 1943 as in 1938.

Mr. COLDWELL: But let us not forget that 1938 followed the worst year we ever had.

Mr. WOOD: I agree with that. That condition was reflected over a period of years. For every dollar Alberta paid in 1938 they have paid only 84 cents in 1943.

In conclusion, there seems to be something —and I do not know whether it is coincidental or not—which might be said with respect to Alberta and Manitoba. I have noticed that they are the only two provinces which have not been able to measure up, in the repayment of their mortgages, with the other provinces. It will be noticed that they are the only two provinces unfortunate enough not to have an honest-to-goodness Liberal government. Perhaps that has had something to do with their position.

Mr. GRAYDON: Did the hon. member use the word "fortunate"?

[Mr. Wood.]

Mr. WOOD: I said that those two provinces were unfortunate enough not to have Liberal governments, and that their condition may be on account of that fact.

Mr. GRAYDON: My hon. friend has a good sense of humour, and I am sure when he made that statement he was exercising it.

Mr. ROSS (Souris): The Prime Minister will maintain, probably, that they should not have five cents' worth of assistance.

Mr. WOOD: I have been interrupted considerably in placing this analysis before the committee. This is a most interesting return, so far as the position of agriculture is concerned. The only thing I can say is that the leader of the hon. member for Souris, who is now running at large, had the administration of that province for about twenty years, and yet they do not seem to have had the same degree of prosperity as farmers in some other parts of Canada.

Mr. ROSS (Souris): Manitoba has had the best administration in Canada in the last few years.

Mrs. NIELSEN: The Minister of Agriculture is probably aware that for a considerable length of time in northwest Saskatchewan our farmers have been getting together to discuss those various matters which would permit their going ahead and making the greatest possible contribution to the war effort. In the last year, over a hundred farm production gatherings were held in that area. As a result of the discussions we have found out some interesting facts. Roughly speaking, we have in the area of North Battleford about 10,000 farmers. Those people agree that if they could have only one more milch cow on each farm they would be able to produce 2,000,000 more pounds of butter each year. That indicates what can be done on a small scale, by many farmers who are not big producers. They have had very little assistance.

These discussions have brought out the fact that the majority of our farming people are unable to expand, and for two reasons. First of all, those who have fair-sized herds are afraid to increase because they lack a guarantee as to future price. Then, the smaller farmers have not derived any great benefit from the bonuses. They may have only fifteen or twenty acres decrease from wheat, and therefore the amount they would get from the bonus would be very small. They still have a little wheat, which they are unable to sell. Many of those farmers have one or two young cattle or young

heifers. However, week after week they are being forced to sell their cattle before they are finished. We have estimated that if each farmer could keep the cattle he has, we could produce about 20,000,000 more pounds of beef from that area alone.

I know our farmers are supporting the provincial government's scheme with respect to farm committees. I was wondering, however, if the Minister of Agriculture would tell us whether it would be possible to initiate a scheme whereby some assistance could be given to the smaller farmers to allow them to keep their stock, if they lack at the present time that little bit of cash necessary to carry on farm production. If this assistance were given, instead of having to slaughter their young cattle our farmers would be encouraged to keep them. Then, has the question of future prices been discussed by the government?

Mr. CARDIFF: Has the quota of milking machines been raised in 1943 over the 1942 figure?

Mr. GARDINER: I understand the quota has been raised, but I am not in a position to say by how much. There is provision made for milking machines, and a further provision for obtaining transformers to step down electrical power, so that farmers can have more opportunity to operate milking machines. Both these things have been done to the greatest possible extent.

Item agreed to.

Special products board — administration, $49,459.

Mr. CRUICKSHANK: Unfortunately I could not be here last night because I had to meet a train. But it is clear that we have teamwork in British Columbia, because the hon. member for New Westminster spoke for me. Some statements were made in connection with the dehydration of potatoes which were not strictly in accordance with the facts. I should like to have the record straight in that connection.

Among other statements was one that for some reason or another we cannot get an order for our plant in British Columbia. At this point I should like to know if that plant is not bona fides, or if the owner is not bona fides. We should like to be told that and we think we are entitled to be told that. This plant was passed by one of the officials. It was passed by Mr. Atkinson, an employee of the federal Department of Agriculture, a man who is employed for that very purpose. Then, we are told the plant is not capable of handling this job. In fact, we were told last night that we could not produce in the Fraser valley and in the constituency of New Westminster potatoes equal to those found in other parts of the world. Well, I am not going to boast; I am going to tell the straight facts. The constituencies of both Fraser Valley and New Westminster produce potatoes better than any others on the north American continent.

We have been told that the plant in British Columbia cannot get a contract. Two excuses have been given to us. We are told that it must be capable of producing, and that it must pass the requirements. We admit it is only right that it should meet those requirements. I repeat that the plant has been inspected by Mr. Atkinson, and that it has been passed by him. The second excuse is that we must guarantee that we shall not be a deficiency area. May I point out that neither the experts in the federal Department of Agriculture, nor those in any other department, can tell whether or not we shall have a deficiency area. Just this afternoon the minister said that owing to exceptional weather we shall have one of the heaviest hay crops ever known in Ontario. I wonder how much hay could have been harvested yesterday or the day before, in that kind of weather. What a ridiculous statement to make—that they could guarantee that there would be a surplus crop! I repeat that no department in any part or province of Canada can guarantee that we shall have a surplus in any crop such as potatoes.

I do not believe I could bring a better witness as to the truth of that statement than the Minister of Agriculture himself, one of the most competent men in agriculture on the north American continent. I do not know what better evidence I can produce to prove that the officials of his own department do not know what they are talking about when they say that they can definitely state whether or not we shall have sufficient potatoes. I quote this from *Hansard* at page 4372.

Mr. Gardiner: There is considerable difficulty in determining very long in advance whether there will be a shortage.

A little lower down on the page, referring to victory gardens, he is reported to have said:

If they have been responding to the appeals we have been making, it is very difficult for anyone to estimate how many potatoes we shall have this fall.

That is the Minister of Agriculture speaking, who also tells us that the only reason this plant cannot get an order to handle surplus potatoes is that we cannot guarantee that we shall have a surplus.

Mr. GARDINER: I gave three reasons.

Mr. CRUICKSHANK: I should like to put this letter on the record. It is under date of Ottawa, June 7, and two paragraphs read as follows—

Mr. GARDINER: I gave three reasons last night.

Mr. CRUICKSHANK: This was sent to me after I had been trying month after month to get a plant in British Columbia to handle our surplus potatoes. I quote:

1. That the plant is properly and completely equipped with the necessary machinery for pre-processing and dehydrating in order to do the job;

2. That the agricultural supplies board could be assured by competent provincial authority that the dehydration of whatever quantity of potatoes might be decided upon in the Fraser valley will not in any way short the domestic market in the coast area, a point in which the foods administration of the wartime prices and trade board is vitally interested.

That is signed by the Minister of Agriculture. Those are the principal reasons we cannot get it. Is it the desire of the government to create little Balkan states within Canada? Last year one organization produced some 14,153·25 tons of potatoes, and Mr. Langdon, the district horticulturist, estimates that we shall have from thirteen to fifteeen thousand tons more this year. Then the authority on potatoes and other farm crops, Mr. Donald Gordon, comes out to British Columbia and is reported to have said, among other things, that the farmer would produce whether it pays or not. At a time when there was no shortage of potatoes this wartime prices and trade board, which was not advised by any practical agriculturist, placed a ceiling on the different grades of potatoes. Prices were set at a point which will ruin this organization which is owned and controlled by the farmers and which was originally set up by the federal and provincial governments to be operated under the provincial department of agriculture. I ask you, Mr. Chairman, to note that at no time did this organization refuse to market potatoes to the armed forces or to anyone else. At no time did they advise their producers not to do that. But this price board cut the ceiling price some thirteen dollars and expected us to go on selling. Then they said we were a deficiency area, that we could not produce the potatoes. This at a time when hundreds of tons of potatoes were rotting annually. The minister said last night that he was not interested—I do not mean that he wanted to see food wasted—in so far as dehydration was concerned in what had been lost last year or a few years ago. Here is what was advised by the experts we have over here. The minister is reported at page 4369 of *Hansard* as follows:

—not five years ago or six years ago, or even last year—but that there would be sufficient potatoes this year to warrant the board's going in there and buying potatoes to be dehydrated for shipment out, when there may have to be potatoes shipped in to feed the people in that area.

How many hundreds of tons of potatoes have been shipped into Ontario this year, and yet there are two plants in Ontario? According to the evidence given in the agriculture committee, they brought in potatoes and yet have given contracts for 250 tons of potatoes from New Brunswick to be dehydrated. Here is something else that interests me, and I think the people of British Columbia will also be interested. The minister is reported at page 4369 of *Hansard* as follows:

If that can be proved satisfactorily, then there is no reason why a contract should not be given. That matter, I believe, has been referred to the wartime prices and trade board—

The wartime prices and trade board were to say whether we can produce enough potatoes in British Columbia or anywhere else; the wartime prices and trade board which is to tell us everything about agriculture. I continue:

—and I presume they had evidence before making the statement—that while it is true that British Columbia has been exporting potatoes, that very much larger quantities are imported from points outside the province. Considerable quantities move from interior points, such as Ashcroft and Kamloops. The wartime prices and trade board state it is their opinion that a dehydration programme at the coast would accentuate this movement which, under wartime conditions, would not appear to be justified.

Kamloops and Ashcroft are not in my district, but I do not think there is any district on the north American continent, and I say this with due deference to the maritimes, which is more famous for its potatoes. I am sure that the minister's officials might know that. These points are only 150 to 200 miles from Vancouver, and yet it is proposed to set up little Balkan states so that potatoes cannot move into Vancouver or Victoria. I quote again:

That is their decision on the information they have, up to the moment. They point out that there are so many potatoes being used there that there is some question as to whether we should dehydrate potatoes in British Columbia.

That is the decision of the board whose head has said "that farmers will produce whether they make any money or not," Unfortunately that is true because the farmer has been foolish enough in the past to do just that. We are told that we must not

send potatoes from Ashcroft or Kamloops to Vancouver if we want a contract to dehydrate our surplus potatoes which have been rotting on the ground. I wonder if the wartime prices and trade board, which apparently has had so much to do with this matter that it has been afraid to appear before the agriculture committee, will give a guarantee to the farmers and the people of Canada that surplus potatoes will not rot in these days of want if we do not get this order.

I hold no brief for this particular company. To the best of my knowledge the owner is a prominent political opponent of mine; but I do object to discrimination being shown, not only to this plant but to the farmers in my province and in my riding, in refusing an order for dehydration on two grounds. The first was that the plant must be up to standard. I am willing to accept that, but it has been passed, so we are informed by their own engineers and we have the report. The second point is that somebody is to say whether we shall have a lot of rain. When you go out ten miles from Ottawa, as I did last Sunday, you can see potatoes with four inches of water over them. Can anyone tell whether you will have a surplus? I want a more definite reason from the minister.

I disagree entirely with him that the Fraser valley and New Westminster are deficiency areas. I disagree with him, or with his officials, when it is said that our potatoes are not up to quality. I think the people of British Columbia are entitled to know why a contract to dehydrate potatoes or other vegetables has not been given. It is obvious that the department has no fear that we are not going to have potatoes, but it is anxious to repeat its actions of past years, as was referred to by the hon. member for New Westminster, and permit southern potatoes to come in just when ours are beginning to come on the market. Not only that, but the department adds insult to injury by reducing the price of potatoes, as it did last week, when our own are just coming on the market. The ceiling price of new potatoes is restricted to that of old potatoes. Is there a farmer, even in Ontario, where apparently they are satisfied with farm prices, who will tell you that you can produce new potatoes in June at the cost of old potatoes? I am sorry I was not here last night. I was in the chamber most of the day and heard a lot of nonsense, and then I had to go and do some business. I should like the minister to tell me why this plant cannot be given a contract. Is it because the plant is not satisfactory? Is the man who owns it not reliable? Incidentally it is the only dehydrating plant in the Dominion of Canada that has not had one dollar toward the purchase of machinery or anything else.

Mr. GARDINER: All I can do is to give the same answer I gave last night. I notice the hon. member for New Westminster is not in the chamber, but I should like to apologize to him for having said last night that I did not use the word "vegetables". When I read *Hansard* I found I had used it once.

Mr. CRUICKSHANK: The hon. member spoke on my behalf, so that I will accept the apology on his behalf.

Mr. GARDINER: I am one who perhaps is not enough of a botanist to be able to distinguish between vegetables and potatoes. The answer which I gave last night covered three points. What I said was that if the Haney plant can be fully and properly equipped for the dehydration of potatoes and manufacture a product which will meet the board's specifications, and if the wartime prices and trade board will approve the production of additional dehydrated potatoes in British Columbia, the special products board could give any plant a contract for a small quantity of dehydrated potatoes in 1943, possibly 200 tons.

The reason why we state a small quantity is that the plants which are operating are producing all that we have required up to the moment. This question has been under discussion for some time, and I think I explained to the hon. member for Fraser Valley before this discussion even started in this house that we were considering giving this plant a contract for a limited amount, provisional upon their having the necessary equipment to produce the product, and provisional, too, upon the prices board agreeing to the contract being given. It is true that the decision would depend upon whether they are satisfied that there are sufficient potatoes in the Fraser valley to take care of the demands in the valley, but I doubt whether anyone has used the argument that anyone has been able to determine up to date whether that would be the case or not. I venture to say that even plants which are now producing dehydrated potatoes, if they could get more for their fresh potatoes, would not bother to dehydrate them. I gave one other reason last night, namely, that we were getting potatoes at thirty-three cents a pound in Alberta, at thirty-two cents at other points, and that British Columbia was suggesting thirty-five cents. Of course we were hoping that we could get the product at the same price as

elsewhere but that was not a condition in the statement I have made. The statement is that if they can produce a plant properly equipped and if we can get the consent of the wartime prices and trade board, which would be dependent on whether there are sufficient potatoes to take care of the demands in the valley, there will be no doubt about a contract being given for the limited amount stated here. I cannot see that we can do any more than that.

Mr. CRUICKSHANK: I thank the minister. I am not quarrelling with his department or with the assistance we have been given in the past and are receiving to-day and will no doubt receive in the future, but the only approach to the prices board that a member has who represents a farming district is through the minister. I might just as well bump my head against the Queen Victoria monument out here as talk to the prices board. In the first place, in my opinion they do not know anything about whether or not there will be enough potatoes. As to price, the order of the prices board last year gave Alberta and British Columbia interior farmers a higher ceiling price by $4 a ton on Canada No. 1 potatoes and $8 a ton on Canada No. 2 potatoes in the Vancouver market than that received by coast growers for the same grades. Yet it is suggested that we must receive thirty-two cents or lower. As I have said, I have no other approach to the wartime prices and trade board nor has any other private member of this house than through the minister.

Mr. GARDINER: I should have said that we have already written to the owners of the plant asking if they can give us information on which we can base a decision on the question of equipment. We are hoping for a reply from them and will then communicate with the hon. member.

Mr. CRUICKSHANK: I accept that, because when the minister undertakes to do anything he completes it, but I cannot say that for the wartime prices and trade board.

Mr. FAIR: I believe, Mr. Chairman, that we can discuss wool on this item. I would ask the minister to tell us why the price of wool is at its present figure. I expect to be told immediately that provision has been made for a four cent increase in the price by way of subsidy, provided the wool is put into a certain condition, and provided that the province will pay one-half of the subsidy. Wool was one of the first commodities to be brought under control at the outbreak of war, and so far as I know the price of wool is the same now as it was before the war. I do not think that is fair to the wool growers. They seem to be unable to help themselves, and I would suggest that the government, either the Department of Agriculture or the Department of Finance, under which the wartime prices and trade board comes, do something to increase the price of wool at the present time.

Mr. BLACKMORE: I am wondering if the minister really wants wool production in Canada increased.

Mr. GARDINER: A year ago we embarked on the definite policy of trying to increase the sheep population in Canada in order to increase our wool production. We have had some success in that, although I have not the figures with me at the moment as to the extent to which the sheep population has been increased. But it has increased, and we are still carrying out that policy. Hon. members know that the day war was declared, even before that, Britain had secured the whole wool supply of all parts of the empire, and Canada along with other parts of the empire came into that arrangement. We had an undertaking to take our deliveries from that set-up, the same as all other peoples who were cooperating with Britain in the war. That condition still exists. We made that undertaking with Britain in the first year of the war when it was not possible otherwise to get wool to make uniforms for the troops or for any other purpose. This is now the fourth year of the war, and that arrangement still exists. The position at the beginning of this year was that we had all the wool in Canada we needed, whether or not we got an increase in our own production; that is, we had all the wool we needed if we carried out that agreement. We cannot hope to produce anything like what we require; we have to depend on the pool for part of our requirements, but we do not require to get any more wool for our purposes in Canada beyond the deliveries under the agreement. In spite of that, we did go ahead to subsidize the production of wool if the provinces would pay half the cost of the subsidy. I think nearly all the provinces are paying half the subsidy now; I am certain Alberta pays.

Coming back to the question whether we could do better if we sold our wool elsewhere, the last time I looked up the figures, which was only a few weeks ago, they showed that we could not obtain as much by shipping to the United States as we could obtain in our own market. The United States is the only other market available, and our farmers are getting a better return by selling in their own market.

Mr. BLACKMORE: How is that?

Mr. GARDINER: In the first place, there is a duty on wool going into the United States, and other costs in getting the wool there. Those who figured out the position figured out a comparative price for me because I was interested in finding out just what the position of the Canadian farmer is as compared with the farmer in the United States, and the position of the Canadian farmer in comparison with what his position would be if he shipped to the United States market. I found that as far as wool is concerned our farmers are in a better position than they would be in if the wool were being marketed in the United States when all the costs of getting it there are taken into account. Those are the facts, and I would suggest that we are doing fairly well. We do not think we are doing all that the sheep people might expect or all that they might be entitled to, but we are doing all that we have thought it was advisable to do under existing circumstances.

Mr. FAIR: The minister says that we are doing as well now as if we had access to the United States market, but what I am trying to find out is what the Canadian farmer could get in dollars and cents as compared with the United States farmer. According to the press, the farmer in Montana has been receiving from 37½ to 55 cents a pound for wool, which is a much higher price than we are getting here, and in addition the United States dollar will buy much more than our Canadian dollar. So that there is really no comparison between the prices obtained by the farmer in Canada and those obtained by the farmer in the United States.

Mr. GARDINER: I had forgotten to mention one point. The price is very much higher now than it was before the war. The price before the war was, I think, about 16 cents; it is now around 30 cents, with a subsidy of 4 cents. The price in the United States for the same grade of wool is about 54 cents; but when one takes all the charges and the duty and everything else into consideration, the return to the Canadian farmer, with the subsidy, is slightly better than the return he would have if he sold his wool in the United States.

Mr. MacKENZIE (Lambton-Kent): What is the United States duty on wool?

Mr. GARDINER: I have forgotten what it is, but it was all figured in the price.

Mr. FAIR: I was trying to get at the number of cents a pound received by the farmer here and by the farmer in the United States. If I remember correctly, the price of wool last year was 30 cents a pound. At the present time, with the extra 4 cents, it will be 34 cents a pound. The price in the United States is much higher. The fact that our price is 34 cents a pound this year compared with 16 cents before the war will not convince us that two wrongs can make a right, because before the war the price of wool, as of several other farm products, was far below the cost of production or what it should have been.

Mr. GARDINER: I am not going to try to put my figuring against my hon. friend's figures. I got the best statistician in the department to figure for me, and he came back with the statement that one could not get as much here for the same quality of wool in the United States as is being paid, in the conditions prevailing here, by shipping it to the markets there. The market here gives a better return. I have the figures in my office, I do not happen to have them on my desk, but I can produce them.

Mr. FAIR: My point is that I should like to have the market price in Canada raised to the price in the United States market, because it is only after taking into consideration the freight charges and the duty that the comparison which the minister makes can be made.

Mr. BLACKMORE: What is the date of the order in council passed in the spring, under which a bonus was to be given to the farmers?

Mr. GARDINER: It is a quality bonus; it is paid on only a certain quality of wool.

Mr. BLACKMORE: It was passed on March 29, was it not?

Mr. GARDINER: About then. It was around that time.

Mr. BLACKMORE: Does the minister contend that, when an order in council is passed on the 29th of March to give farmers a bonus for high quality wool, particularly clean wool, he is giving the farmer anything like a chance to prepare clean wool?

Mr. GARDINER: I would say in reply to that that I was probably affected a little at the time the date was set, by some criticisms which were made in this house previously. The Minister of Trade and Commerce made an announcement on the floor of the house with regard to wheat, and a number of hon. members rose and criticized him for having made it alleging that the farmers had not a chance to present their representations. A farm delegation notified me that they were

coming here about wool, and I waited before we made the decision and put the order in council through until I heard what they had to say. They came here at that time of the year and asked for it, and I presume it was of some benefit to them or they would not have asked for it.

Mr. BLACKMORE: Certainly it was not giving the farmers any chance at all to qualify for the bonus. That is perfectly clear. I wonder if the committee could know when Doctor Barton's letter was sent out to the various provinces telling them of this new arrangement?

Mr. GARDINER: Right after that, but whether the letter got there or not, it was announced in this house right at the time, and I think it was pretty well known.

Mr. BLACKMORE: In other words, the provinces would not get word until along in April, would they?

Mr. GARDINER: It would be in April.

Mr. BLACKMORE: Which made it completely impossible for the people who had not been particularly preparing that clean wool to qualify for the bonus. In other words, the bonus was offered and taken away at the same time.

Item agreed to.

To provide for the purchase of butter in order to maintain the price established by the wartime prices and trade board and to pay necessary storage, insurance and freight charges thereon, $1,500,000.

Mr. WRIGHT: Would the minister make a statement on the amount of butter that has been purchased by the board, the dates of the purchases, and the import position in Canada with regard to butter last year and this year?

Mr. GARDINER: I would have to speak from memory in giving a figure, but the amount of butter which was purchased was somewhere between three and four million pounds. The amount represented by this item would indicate about what was necessary in order to carry through the transaction.

The position is this, that when butter goes down to a certain price we undertake to purchase it. There was about a week, between the going out of the old season and the coming in of the new, when we found ourselves obligated to take butter off the market because the price had dropped below the floor. We took the butter off the market and we still have it.

[Mr. Gardiner.]

Mr. BOUCHER: How much butter is on hand in Canada, and how does the amount compare with other years? I believe the general feeling in my community is that the butter situation is a very difficult one for the farmers. All the evidence I have is that there are large stocks of butter on hand in spite of rationing, and the farmer who makes his own butter is breaking the law if he makes more than the limit the law allows him. I have had many constituents come in to see me claiming that though they have butter on hand they cannot sell it; they have made it but there is no market for it; they are not supposed to have it. There is a danger of farmers running short of butter who could make it for themselves and their neighbours. I submit that, if there is anything like the required amount of butter in storage, and the consumer could use more, it is a great detriment to the farmer to ration butter, because it prohibits the farmer from selling his own products. I feel that if many of us in this chamber were prohibited from carrying on our own businesses the way in which the farmer is prevented from making his livelihood in his own way and selling his own products, we should look at this question in a vastly different way from the way many of us do.

Mr. GARDINER: The amount in storage in July was 26,000,000 pounds; one year ago it was 14,000,000 pounds; so that there are now 12,000,000 pounds more butter in storage than there was on the first of July a year ago.

With regard to the other question, as I stated a few moments ago, the floor price at the beginning of this year was thirty-two cents. It goes up three-eighths of a cent each month, and is now 32¾ cents. The government is obligated to buy all butter when the price goes down to the floor. We have not bought any since the beginning of this dairy year, which indicates that the price has never been down to the floor. So that although it is said that the farmer has not been able to sell, the fact is that he has been able to sell all his butter at a price higher than the floor, and then he gets the subsidy on top of the price. The price has been around thirty-three cents, always a little above the floor. It is added to by the subsidy of eight cents a pound on butter fat, which has been in force ever since the beginning of the period.

The other question, whether we should stop rationing, is a question of policy, of course, upon which I cannot make any comment at the moment other than to say that we are still rationing.

Mr. BOUCHER: Surely the minister appreciates that the rationing restrictions affecting the sale of butter have an all-important bearing on the salability and the price received by the producer. It is much the same as the market for rhubarb around the city of Ottawa this year. You could get twenty-five cents a bushel if you could sell it at all, but you could not sell it.

Mr. GARDINER: It could not make much difference. They are buying butter for sale next winter. The price is set as it is, going up three-eighths of a cent each month, because that will pay the carrying charges on the butter, and the man who buys in May or June has to have his three-eighths of a cent each month to carry it until January of next year, when he is going to sell it, so that the price of butter could not be much higher if the ceiling price is to be thirty-five cents. He is getting all there is in it if he is to carry it and still have the thirty-five cents. We have taken care of that condition by providing a subsidy of eight cents in the summer and ten cents in the winter, and this puts up the return to the farmer, as against twenty-six cents at which butter was laid down in this country a short time ago.

Mr. BOUCHER: But the rationing policy means that he cannot even sell on the local market without coupons — which makes it impossible for him to do so.

Mr. GARDINER: He gets exactly the same price. He can sell it at that.

Mr. BOUCHER: But he cannot sell it.

Mr. GARDINER: If there is anyone who has been unable to sell his butter at 32¾ cents, the government will buy it. You can tell him that.

Mr. BOUCHER: If the minister will tell us how much butter has spoiled in storage, and how many complaints he has received from local warehousemen about the butter they have on hand which they cannot dispose of at an economic price, he will complete the picture, but until he does so his argument will not seem true to me.

Mr. GARDINER: The butter broker or merchant has never done anything else at any other time. He cannot carry on business in any other way. We produce most of our butter in the summer months, and we consume in the winter months twice as much as we produce. Anyone engaged in the butter business has to buy his surplus in the summer and carry it until the winter. We take care of that by raising the price three-eighths of a cent each month. He can buy in May or June or July and get his carrying charges under this system. In previous years, it is true, he might buy at twenty cents and sell at thirty-five cents and make an enormous profit. He cannot do that during war time, but he can buy it and get all his costs guaranteed and carry it through to the winter months. Men in the butter business are bound to be storing at present. They do not want to sell it; they are carrying it to the winter months to sell it then at the ceiling and make the cost of storage.

Mr. BOUCHER: That is exactly the point. That is a benefit to the man who handles butter. It is no asset to the man who produces butter. I realize that it is not the minister's department that makes the regulations, but I took this matter up about a month ago. A farmer in my community manufactured in the spring approximately sixty pounds of butter for the use of his family before sending any of his product to the dairy. After rationing came in, the farmers realized that they were breaking the law by holding so much of their own home-made butter for their own use, and they reported the situation to the ration officer, surrendering their coupons. They asked what they should do with the butter and the answer was to sell it. They tried to sell it, but they could not get the coupons for it, except for one or two pounds, from this man here and there. It was simply impossible for them to sell the butter. They went back to the office and asked what they were to do and the officer there simply threw up his hands and said, "I cannot tell you, but you have to get rid of it." That is the situation, and surely that must have a detrimental effect on the production of butter in the country, especially when we are rationed to the limit, cutting down home consumption of butter materially. The matter is very serious. It is one of the elements that cause trouble and discontent, and it is very hard on our farmers. Perhaps the minister can tell us something about spoiled butter.

Mr. GARDINER: There must be a misunderstanding somewhere. I do not know of any regulation that prevents a farmer from producing dairy butter and keeping it in his cellar, and if there were, there is a stabilization corporation which has undertaken to buy from them and pay a price for it. That has been known for months. When the stabilization corporation went out to look for all this dairy butter they could find only 7,000 pounds in all Canada for sale. In other words, I find it difficult to follow the story my hon. friend is telling.

Mr. BOUCHER: Nevertheless it is an actual fact. The regulations stipulate that no one may keep on hand more butter than the ration authorities permit, and sixty pounds is more than these people could keep, with the size of their family. It is all very well to say that they can dispose of their dairy butter, but no dealer will buy butter made by a farmer when he can buy creamery butter made by the dairies, and the farmers cannot market the product.

Mr. CHURCH: When the rationing of butter was announced last year there was a very wide division of public opinion as to whether it would be a success, or whether it was necessary, in view of the complex nature of the proposal. It was contended that there was no scarcity of butter and therefore no need to ration the commodity. I argued that rationing should be under the control of the Department of Agriculture, under the minister himself, and there was a great deal of discussion in the newspapers, among consumers' leagues, bodies in the retail business and other organizations in the country with regard to the desirability or the necessity or the usefulness of such a proposal in an agricultural country like Canada, which has a vast agriculture dominion organization for this industry, and another one under provincial direction. I contended at the time that it was absolutely useless for us to hand over to the wartime prices and trade board a technical matter of this sort, because many of the people comprising the board have no practical experience either in agriculture or in business, wholesale or retail, or in the production and marketing of butter and other food commodities. During the past year we have spent $65,000,000 in a subsidy programme, and this programme will be costing this fiscal year from $90,000,000 to $100,000,000. There was a great deal of blowing about the success of rationing in Canada as compared with the United States, but people seem to forget that in the United States there is a population of well over 100,000,000 people, whereas we have but a small population. Moreover, they have more complex problems than we have, owing to greater population and area and greater variety of trade and production.

I should like to find out from the minister what coordination there is with the control board in the direction of this whole rationing scheme. I repeat, it and also beef rationing, should have been left under the present minister, in the Department of Agriculture. That was the opinion I expressed a year ago and I am still of that opinion. It should have been left to a responsible minister of the crown. Had that been done matters would have been far different. It would have been far better than leaving it with some college professor who knows no more about butter than what he consumes himself. The policy was all wrong. I should like either the Minister of Agriculture or any other cabinet minister to tell this committee why there should be any scarcity of such an important food commodity as butter, and so much faulty distribution. Rationing of butter has not been a success; at any rate, it has not been the success that it should have been. It has cost us a great deal of money with a huge organization, and there has been a lot of waste and useless duplication. Ration books are issued, and before they are used new books are brought out. I should like to have a statement from the minister. I have looked into this question a great deal, both during the recess of parliament and since, and I suggest to the minister that if he has time, when the house gets through with its business, he should look up the June number of the monthly booklet of the National City Bank of New York city and see what that publication has to say with regard to the effectiveness of subsidies in the United States. Let me quote a few passages from this booklet under the heading, "Subsidies conditioned on economics."

> Canadian subsidies are tied directly with regulation of profit margins on the particular product. They are designed to cover only a part of the increase in costs, and are conditioned upon adoption of various economies in production, importation and distribution.

It gives reasons why there should be a limit to rationing many of these commodities. I think the time has come when we should have a statement from the government in connection with the whole matter.

Mr. GARDINER: I am interested in the opinions of the hon. member with regard to the last matter he spoke of, but he will realize that it is impossible for me to discuss that point. It is a matter of policy which has been decided, and the prices board is under the Minister of Finance.

On the other question as to this particular arrangement, with regard to the purchase of butter, that is not arranged by the prices board. The Department of Agriculture sets a floor price, and the department protects that floor by purchasing butter when butter goes down to the floor, so that $1,500,000 is provided with which to buy butter when it goes to the floor, to prevent its going further. That is an arrangement which is made entirely in the Department of Agriculture to protect the

farmer against an unusual drop in butter prices. The extent to which it can drop with the widest margin is 3 cents, but at the present time it is 2¼ cents, until we have to step in and purchase.

Mr. WRIGHT: I asked a question with regard to the amounts purchased by this board last year and the dates of purchase.

Mr. GARDINER: I gave that figure.

Mr. WRIGHT: The minister did not give the dates purchased. Did he give figures with regard to imports of butter?

Mr. GARDINER: It was the last week before this present year came in, the week beginning May 1. It was in the month of April, and our year in connection with dairy products comes in on May 1. These regulations would apply to May 1.

In reply to the hon. member for Broadview, I may say that this policy was announced prior to the 1st of May, to cover the whole year from May 1, 1943, to May 1, 1944. This money is to carry out that policy.

Mr. CASTLEDEN: Where is this butter stored at the present time?

Mr. GARDINER: There are nine different cities across Canada in which it is stored. It is in storage right across the country.

Mr. CASTLEDEN: What companies?

Mr. GARDINER: It would be in cold storage plants in those cities.

Mr. CASTLEDEN: Not government cold storage plants?

Mr. GARDINER: No.

Mr. BOUCHER: Has the minister any particulars as to the amount of spoiled butter, unfit for human consumption in Canada, and has he further information as to what butter, if any, has been sold for other than consumption purposes?

Mr. GARDINER: We have no information as to any spoiled creamery butter in Canada. We have no knowledge of any such thing.

Mr. WRIGHT: Has the minister figures with regard to imports of butter?

Mr. GARDINER: They are very small. There was the butter I referred to a while ago which was landed in Canada but which we are shipping out again, if it is not all shipped now.

Mr. BOUCHER: The minister has no particulars about the spoilt butter. Has he any information about dairy butter?

Mr. GARDINER: None.

Mr. FAIR: There is another question about the subsidy on butter. I understand no subsidy is paid on dairy butter, but there is a subsidy on that delivered to the creameries.

Mr. GARDINER: The subsidy is paid on butter fat, not on butter, either creamery or dairy. There is a subsidy paid on any butter fat delivered to the creamery.

Mr. FAIR: There seems to be a good deal of dissension about the subsidy, because there is discrimination against those who are not located close enough to the creamery to deliver butter fat.

Mr. GARDINER: I gave an answer a moment ago which was to the effect that we have set up prices by which the government is prepared to abide, for dairy butter, where there is any difficulty about it. But we have not been able to find much of it anywhere in Canada.

Mr. FAIR: Will the government purchase dairy butter from the farmers?

Mr. GARDINER: There would be a price paid which the government guarantees.

Mr. FAIR: A price which will not compare with the creamery price.

Mr. GARDINER: It will not be as high as the creamery price.

Mr. GILLIS: Has the minister any figures as to the percentage of butter now in storage which was imported last year?

Mr. GARDINER: The total amount of butter imported in 1942 was 592,000 pounds. That is, of course, just butter which comes across the boundary line at different points, or at least the greater part of it. I cannot tell how much of that is in storage to-day. I imagine it is practically all eaten.

Mr. BOUCHER: Where was that butter shipped to?

Mr. GARDINER: The butter I mentioned earlier was shipped to Halifax.

Mr. BOUCHER: The minister says that the butter imported was almost all from the United States.

Mr. GARDINER: I cannot tell the point to which butter was shipped.

Mr. BOUCHER: The minister cannot say where it was imported from.

Mr. GARDINER: It was received at points all the way along the boundary; it would come over at different points.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF FINANCE

Wartime prices and trade board—administration, $14,300,000.

Mr. LALONDE: Mr. Chairman, in time of war it is often necessary to set up commissions so that the government may share the responsibilities of administration. We are now discussing the administration of one of these commissions, namely, the wartime prices and trade board, which operates under the authority of the Minister of Finance (Mr. Ilsley). I do not intend to delay the committee unduly, but I should like to refer to a special case, the characteristics of which almost constitute a question of privilege in connection with myself. That being so, I feel I am entitled to discuss the matter with the minister. I do not bear any grudge against anyone, either against the minister or any of the parties involved in this case, but I want to clear up my position as a member of this house and as a public man who, I believe, has had a rather good public and private reputation.

The wartime prices and trade board established in Mont Laurier, the principal town in my riding, an office which is in charge of a representative appointed in the usual way by the civil service commission in cooperation with the wartime prices and trade board officials. This man is Mr. Alphonse Forget. During the summer of 1942 I received many complaints about the handling of tire sale permits. It was alleged that this representative was using the privileges attached to his office to divert all tire sale permits to a certain garage in Mont Laurier. I made a personal investigation, and I thought it was my duty to put the results of this investigation before the proper authorities. This I did at the beginning of December, 1942.

At the end of November the investigator who had been appointed to this office, a Mr. Pellerin, was suddenly dismissed without any apparent reason. While I was in Montreal I received a call from this man, one of the outstanding citizens of Mont Laurier, and he complained about the brutality with which he had been dismissed by the mimic dictator who is in charge of the wartime prices and trade board operations in Montreal, a Mr. Robitaille. Mr. Pellerin came to Montreal, and we had an interview with Mr. Robitaille when we were told that the investigator had been dismissed because he had taken out of the office at Mont Laurier, with the complicity of the hon. member for Labelle, certain records and other confidential papers which were being used in my office. Needless to say, I deny emphatically this accusation, and I state from my place in this house that I never constituted this investigator my political agent in my riding, and that I never, either directly or indirectly, asked him to communicate to me any of the particulars pertaining to this office. I put the matter before the wartime prices and trade board, represented by Mr. Robitaille. Later, on February 7, 1943, I received a letter from Mr. Pellerin giving all the particulars of this incident. With your permission, Mr. Chairman, I shall read this letter because it states the case much better than I could. It is in French and reads:

(Translation)
Mr. Maurice Lalonde, M.P.,
House of Commons,
Ottawa, Ont.

Dear Mr. Lalonde,

It will be three months on the 14th instant since I have been suspended, by telegram, from my duties as investigator for the prices board at the Mont Laurier office, and three months on the 28th, since I have been definitely discharged by Mr. L. C. Robitaille, although his letter did not reach me until December 2, 1942. I need not tell you that time hangs heavy on my hands.

As I have often told you, I shall always claim that I have been treated unfairly; that is why I asked you to take up my case and attempt, if possible, to have me reinstated by the competent authorities.

I renew my request to you and point out the succession of events as they really happened.

All through last summer, 1942, I received complaints from various Mont Laurier garage operators who claimed that the permits for the sale of tires, issued by Mr. J. A. Forget, local representative at Mont Laurier, were mostly in the name of the Laurin garage to the exclusion of other tire distributors of the district. I have often called Mr. Forget's attention to these complaints and in every case he answered that those who complained were nothing but jealous cry-babies.

Seeing that the complaints continued to come in and that, besides, I had had personal knowledge—

I emphasize this phrase "personal knowledge."

—of a couple of infractions to the commission's orders on the part of Mr. Forget, I decided, while I was still in office, to find out whether there was any truth to the complaints received.

On November 12, while at my office, I asked the secretary, Miss L. Lamarche, to hand me the files relating to tire permits, which she did very willingly and without any comment. I then took a few notes, a copy of which is in your possession. Under the circumstances, I thought I was perfectly justified in going over the files and taking notes, since serious charges had been made which I did not choose to submit to my superiors without further investigation. Moreover, I have never shown these

notes to anyone, not even to yourself, until the 2nd day of December, date on which I was discharged, and asked you to take up my case.

However, on the afternoon of November 14, I received a telegram from Mr. Robitaille, suspending me from my duties.

As I had no inkling of the reasons for such a sudden action, I went to Montreal, on Sunday, November 15, and, on the next day, I saw Mr. Robitaille in his office.

It is then that I learnt from him that I was charged first, with being the political agent of the member of parliament for Labelle; second, with having secreted some files from the office and having taken them to your place on a certain afternoon, when we are supposed to have looked them over together; third, with having used a certain amount of pressure on Miss Lamarche or having attempted to intimidate her in some way in order to obtain the files relating to tire permits.

Needless to say that I have offered Mr. Robitaille a positive and energetic denial of these three charges; I even offered to swear an immediate written denial if he wished to call a superior court commissioner into his office. However, Mr. Robitaille did not comply with this request. I was the more at ease in denying these charges for the fact you were accused of being mixed up in this affair and that I was perfectly satisfied that you were in a position to support my statement.

S. Pellerin.

Mr. Speaker, may I be allowed to add this:

(Text) If there were grave accusations against this man it was the duty of the district representative of the wartime prices and trade board in Montreal immediately to have a thorough investigation made to determine whether they were true or not. I offered Mr. Robitaille to file my own personal sworn affidavit, but he refused. My personal belief is that this Robitaille has gone too fast in this matter; I repeat again from my place in this house that all the accusations that I cited a few moments ago are false from one end to the other, and I ask the Minister of Finance to order a serious investigation by competent officers before whom, if necessary, I will appear and clear up the matter once and for all.

But, Mr. Chairman, there was another reason. There was a nigger in the woodpile.

Mr. GRAYDON: Just one?

Mr. LALONDE: Just one, and I think that is enough in the circumstances. This investigator was in the way of the manager. I understand that the specific charge which has been made against this representative that he was centralizing the tire sales permits in one garage has been investigated many times. I can say immediately that I was not at all satisfied with the investigations carried on by the investigator of the wartime prices and trade board, because my own personal belief is that they did not go to the bottom of the matter. Consequently I took the matter up with the Royal Canadian Mounted Police who made an investigation and filed a report, but since as I am just a member of the house elected by the people of my district, I was not allowed to see that report. I can say, however—I think the minister is in possession of the report—that the Royal Canadian Mounted Police reported that the charge was well founded, that this garage man had his tires sales business increased by nearly 100 per cent and that the other garage man in the same locality dropped around seventy-five per cent. I cannot accept the explanations given by the officials of the wartime prices and trade board, explanations which are not satisfactory to any intelligent man who knows human nature. This specific charge has been found by the mounted police to be well founded and I really wonder why this man still occupies his position as representative of the wartime prices and trade board in my town.

One may say that the phenomenal increase of tire sales in one garage may be explained by the fact that this man has carried on a certain kind of propaganda or advertising, but I have before me a sworn affidavit by one of those people who complained about the matter in which this sale of tire permits was handled. This affidavit has been sent to the proper authorities, and it represents the real meaning of the gossip that one can hear around my district. It is because this man remains in his position, because the situation has not been straightened out, that one now hears around my district that the member is interested in the racket. I cannot stand for that, Mr. Chairman, and that is why I am on my feet to protest and say to the people of my riding and to this committee that that is false, that I am not interested either directly or indirectly in any kind of tire sales business in Mont Laurier, even if my tenant sells gas or tires or any kind of auto accessories.

This affidavit is also in French, but it throws a true light on the real situation that exists now in Mont Laurier. It reads:

(Translation) I, the undersigned, Aldéric Desloges, merchant, of Mont Laurier, having duly taken the oath on the Holy Gospel, state as follows:

1. At the beginning of October, 1942, I made an application for tires at the garage of Mr. Gaston Forget;

2. My application was delivered by myself in the office of the wartime prices and trade board, at Mr. A. Forget's, to himself, on the same day.

3. About three weeks later, I went to see Mr. Forget in order to ascertain why I had not received the tires. He answered: "I cannot account for that." He then advised me to go

to the garage of Mr. Yvan Laurin, and in fact he accompanied me there. After we had reached the garage he prepared a new application, which was left on the counter at the garage. Mr. Alphonse Forget then told me that everything was O.K. and that I would obtain the tires.

4. About two weeks later, as a result of the application made at Mr. Laurin's, I obtained two 7.00 x 16 tires.

In witness whereof I have set my hand—

(Text) For the benefit of those who do not understand French, the affidavit I have just read is to the effect that this man has been directed by the representative of the office in Mont Laurier to buy his tires at a certain garage. Well, if this is to continue, I am asking myself if our people will have great confidence in this organization, and if I speak to-night on the matter I do not do so on political grounds, because the parties of whom I have spoken to-night are Liberals in good standing. If I protest against the treatment inflicted on Mr. Pellerin and on myself by this dictator, Robitaille of Montreal, it is because I believe, and I believe to-night as strongly as ever before, that the public interest is at stake, and I want in all sincerity that this board be honestly administered in my district. The board in some other fields has done a good job, and I am glad to congratulate the hon. Minister of Finance upon that.

But this very special case is one of those that I cannot let pass without protesting as strongly as I can. This centralization of tire sales permits in just one garage man, and the conclusion of the report of the mounted police, together with the evidence I have filed before, is sufficient, I humbly submit, to justify the minister in taking this matter under his control; and in spite of certain advice that has been given by certain officials of the wartime prices and trade board, I say that the minister should dismiss immediately this representative from his position and place any other man there; I am entirely disinterested in who it may be, provided he is honest and capable.

There is also one accusation against this manager that has not yet been cleared up, and I think, although I am not quite sure of it, that the hon. minister has it on file. This representative is accused of having bought an inner tube without a permit from a certain garage man in Mont Laurier and having sold it to another party at the same price after having paid for it out of his own pocket. The evidence shown in this other charge is such as left me under the impression that this man, if he had done that, would have done something more, and that he does not deserve the position he now occupies.

I put these facts before the committee. I hope that the Minister of Finance will take the necessary steps to remedy the situation. I again emphasize at this point that if I intervene in this matter, it is not on political grounds. I know the wartime prices and trade board has probably received instructions not to play politics, and I agree with that. If politics is to enter into the administration of these boards, we would rather cancel all these schemes and let the matter go. But if I had been interested in a political sense, I would not have put before the wartime prices and trade board any charge against my political friends. If I have done so, it is because it is a question of honour for me and for my family, because in my district gossip begins to circulate to the effect that "this man seems not to have the confidence of the people; yet being always in this position, it might be that the members may be interested in the racket." I emphatically deny that it is so, and my last remark is that I wonder how a man can stay in public life without clearing up this matter.

Hon. J. L. ILSLEY (Minister of Finance): This is a troublesome matter, this question of the fitness of Mr. J. L. Alphonse Forget to discharge the duties of representative of the wartime prices and trade board at Mont Laurier. The hon. member for Labelle is strongly of opinion that Mr. Forget is not a suitable representative of the board, and has asked for his dismissal, or, in the alternative, his transfer.

I have discussed this matter on two or three occasions with the hon. member for Labelle, and I have put a large amount of time on the case myself to see whether an investigation would reveal the existence of facts which would warrant the dismissal or transfer of this man.

With regard to the statement of the hon. member for Labelle that he was not privy to any examination of the files by Mr. Pellerin, who was dismissed, I believe at the instance of Mr. Robitaille, I of course accept without hesitation the hon. member's statement in that regard. It is, however, true that Mr. Pellerin examined the files and made certain copies, for purposes of his own, presumably, in the absence of Mr. Forget, who was in charge of the office; and Mr. Pellerin, if I understand the facts correctly, had not the authority to do so, his position not being such that he had the right to do that in the absence of his superior. At any rate the dismissal took place at the instance, I believe —the hon. member for Labelle will correct me if I am wrong—of the representative for the province of Quebec, Mr. Robitaille of Montreal.

The crux of the charge or charges against Mr. Forget, because, after all, that is what I as minister am concerned with, is whether he was guilty of favouritism toward one of the garages. While the police investigation is confidential, I think it would do no harm for me to say that the member of the Royal Canadian Mounted Police who investigated the matter was of the opinion that there had been favouritism. On the other hand, a study of his report indicates that that opinion was a conclusion to which he came, and was not necessarily the conclusion to which everybody might come. It was in all respects an opinion, but it was based, I think entirely, upon the large proportion of sales in the district made by a certain garage known as the Garage Laurin, and I should add, upon the fact that sales of tires by that garage increased during 1942 and that sales of tires by the other garages in the town decreased during 1942.

Mr. LALONDE: Would the minister give the figures, if they are not confidential?

Mr. ILSLEY: I think I can give the figures. I have not them in tabular form; I have a memorandum of my own, but I would have to go all through the police report, and it would take quite a long time. They would all lead to this conclusion, that there was a sharp increase in the sales of tires by the garage which was alleged to be favoured, and a sharp decrease in the sales of tires by the other five garages in the town.

Mr. LALONDE: If the minister will permit me, could he later on place those figures on the record?

Mr. ILSLEY: I have sent for another file, and I think I may have them.

Mr. LALONDE: Later on, maybe tomorrow?

Mr. ILSLEY: Yes; I can get those. The investigator—I think he was the first investigator sent by the Montreal office to investigate the situation there—in his report to Mr. Robitaille on November 27, 1942, points out some fairly significant facts, facts which I think are a little difficult to answer. I will read this report:

Montreal, November 27, 1942.

Mr. L. C. Robitaille,
Prices and Supply Representative,
Room 703, Aldred Building,
Montreal, Quebec.

Dear Sir,

A check-up of tire rationing in Mont Laurier reveals that 80 per cent of the applications made for tires or tubes were made by dealers in Mont Laurier. The balance—20 per cent—was made by dealers in the district outside of the town.

30 per cent of those applications were made by Garage Laurin.
17 per cent of those applications were made by Jean Brisebois.
10 per cent of those applications were made by Garage Vanchestein.
18 per cent of those applications were made by Garage Gaston Forget.
10 per cent of those applications were made by Grenier Frère.
10 per cent of those applications were made by W. Grenier.

Of the total applications made at Garage Laurin, 29 per cent were refused.

That is very important. If the percentage of refusals had been negligible for the garage which was alleged to be favoured, a much better case would be made, but it was not so.

At Brisebois, 19 per cent were refused.
At Vanchestein, 27½ per cent were refused.
At Forget, 39½ per cent were refused.
At Grenier Frère, 39 per cent were refused.
At W. Grenier, 53½ per cent were refused.

As suggested, every tire dealer was asked if he could specify one case where one of his applications has been refused and that the applicant had obtained a permit by making his application through another dealer. Not one could be named although it was rumoured. In the office, was one case of an application for tire and tube pending investigation as to the necessity of a new tube. In the meantime, a second application for a tire only came from another dealer for the same applicant. The latter one was granted and first one cancelled.

More details on separate reports for each dealer are given.

A report made by Mr. Pellerin on May 18, showing a deficit of 43 tubes in W. Grenier's place and never produced, is also attached.

Also found in Mr. Pellerin's desk were a few gas reports. These were turned in to Mr. L. Leroux for his inspection.

Yours truly,
E. Alphonse Lalonde.

Mr. LALONDE: "Forget".

Mr. ILSLEY: No; this is Lalonde, who, I assume, is Robitaille's investigator. That was the report of the investigator to Mr. Robitaille, made on November 27, 1942. Now, there has been investigation after investigation in this case; not only the police investigation, but repeated investigations, some of them taking a great many days, and involving interviews with large numbers of persons in the district. These reports have been studied, and the representative for the province of Quebec, Mr. Robitaille, stands very strongly by Forget. He states that as a result of the investigations Forget is in the clear, that there is nothing whatever which will justify his dismissal; and a review of the report by the wartime prices and trade board here, by the secretary and the general counsel and I think, perhaps, in a somewhat rapid manner by the chairman of the board, leads

to the same conclusion, that there is not sufficient proof of anything against Forget which would warrant his dismissal. It must be remembered that there are a number of small incidents. The one mentioned to-night is perhaps the most serious of those minor incidents. It is that Forget himself, to oblige somebody, bought an inner tube for $2.74 or $2.76 and turned it over to his friend or acquaintance for that $2.76 without any permit being issued. Now, Forget has an explanation of that transaction which may or may not be creditable to him. It is that he was trying out the garage man to see whether he would sell without a permit.

Mr. LALONDE: He was an agent provocateur.

Mr. ILSLEY: And he did not pursue the matter any farther because it was a small one.

Mr. GRAYDON: He was satisfying his curiosity.

Mr. ILSLEY: The transaction was a small one for which to dismiss an official, and in the opinion of the board it would be going a little too far. I have gone over the file, and the only accusation in substance against the man was one of favouritism, which certainly is strongly denied by all the board investigators who have gone into the matter. They say it can be readily explained on other grounds, and the explanation is that this garage had a good deal of what is called fleet business, and from the nature of its business it sold in the summer of 1942 a larger number of tires than the others.

The hon. member for Labelle feels strongly about this case. This man was appointed by the civil service commission. He is a civil servant, and he is entitled to retain his position unless he is proved to have been derelict in the discharge of his duties. Much as I should like to oblige a member of parliament, I do not think the hon. member for Labelle expects me to do so in a matter of this kind; and I must say that he never has, because he has recognized the fact that unless I had before me something that would justify the dismissal of this man I could not institute proceedings leading to his dismissal simply because the hon. member for Labelle feels that he ought to be dismissed and that he is not fit for the position.

Mr. GRAYDON: During the course of the debate to-night some suggestion has been made about a recommendation either for the dismissal or for the transfer of this man. Who made that suggestion?

[Mr. Ilsley.]

Mr. ILSLEY: The suggestion with regard to his transfer was made on this basis. It was felt that the evidence did not justify dismissal, and certainly the trouble that has been caused in the community by persons taking one side or the other of this argument—and there are many who take the other side, for I have a petition signed by sixty-five residents of Mont Laurier urging that the man be not transferred—would seem to suggest that, the community being so divided, the man's usefulness is greatly impaired so far as that particular town is concerned, and that even if there were no clear evidence against him a transfer would be the sensible way of dealing with the matter.

Mr. GRAYDON: It occurs to me that if the man is not competent; if he is not a proper person to fill the position which he now holds, it is clearly the duty of the department to dismiss him. If, on the other hand, he is fulfilling his duties in a competent, capable manner, and without any real cause for dismissal, then of course he should not be dismissed. You cannot have it both ways.

Mr. ILSLEY: But it may still be the sensible thing to transfer him.

Mr. GRAYDON: That would be a matter of policy on the part of the department; nevertheless the department must take a more unequivocal position with reference to the question than simply saying to the man, "You are competent and capable, but we are going to get rid of you." That is what the hon. member apparently had in mind. I suggest that the department must make up its mind whether the man is capable and competent, there being nothing in particular against him so far as the department is concerned. If so, he should be retained; if that is not the case, he must be dismissed. The question of transfer is certainly at best a compromising of a rather peculiar situation.

Mr. ILSLEY: The board is strongly of the opinion that the man is competent and should be retained where he is.

Mr. LALONDE: I thank the minister for the explanation he has given. May I point out that the civil service commission, in view of the reports of the Royal Canadian Mounted Police, has refused to renew the man's certificate. He was hired on a yearly basis. At any rate, the certificate, if it has not been cancelled, was not renewed by the end of March of this year. I am not quite sure whether he receives his pay, but I can say that the treasury board is fully aware of the facts. In view of the opinion of the civil

service commission I am not alone in believing that this man is incompetent and should be dismissed.

Mr. GRAYDON: Did my hon. friend not suggest that he should be transferred?

Mr. LALONDE: I made the suggestion to the proper authorities, because the matter has created a certain amount of uneasiness in my district with reference to the wartime prices and trade board, and everyone feels that we must go through this garage in order to have better tire sales bargains.

Mr. GRAYDON: The hon. member is not being kind to the next one who is asked to take the man.

Mr. LALONDE: The minister has stated the explanation given by the wartime prices and trade board for the increase in these tire sales from, I believe, $7,000 to nearly $14,000, within a few months in just one small locality.

Mr. ILSLEY: In one year.

Mr. LALONDE: In one year. The board states that this garage is the largest dealer in accessories and the customers are fleet operators. I know personally this is not true. That is simply an explanation to cover this man, and so long as the proper authorities have not decided to remedy the situation, either by dismissing the man or by transferring him, public opinion in my district will not be satisfied.

Mr. KNOWLES: As I understand it, the work of the wartime prices and trade board relates to two main functions, and I should like to say a few words about each of these functions. On the one hand, it is concerned with keeping prices down as far as possible, and, on the other, it is concerned with the supply of goods to the people of this country. In connection with the work of keeping down the cost-of-living index, I think hon. members of this house will agree with the spirit of what the minister said the other night when he spoke of the achievement of the board in that field during the course of this war, compared with what happened during the course of the last war. I say that quite definitely, because I shall be making some remarks with reference to figures that might suggest that that we do not appreciate what has been done. I do not wish to detract from that appreciation; nevertheless I think I should express the view which is commonly held by housewives, and by the husbands who provide the money for them to buy things with, that the cost-of-living index figures provided by the bureau of statistics, and referred to so frequently by the wartime prices and trade board, do not seem to be borne out by experience.

The other evening the minister gave certain figures which will be found at page 4254 of *Hansard*. I wish to refer to figures that have been given by the bureau of statistics, and perhaps if I use those that appear on page 70 of the report of the wartime prices and trade board it will be just as satisfactory. The reason I take the figures from the report rather than the figure the minister gave is that he gave just the final average, whereas the figures on page 70 of the report of the board give the final average, and also how it is made up, among several different lines of goods. In the third column of this report we are told that in the eighteen months from November, 1941, to March, 1943, the rise in the cost of living has been only ·9 per cent. If I might compare that with the figure the minister gave the other night as reported at page 4254 of *Hansard*, I would point out that at that time he said there was a rise of 1·5 per cent in the period of eighteen months ending May 1 of this year. The minister will note that the figures in the table on page 70 break that down, and indicate that in the matter of foods, for one example, the increase in the period of sixteen months was 2·3 per cent.

I have in my hand a portion of the Winnipeg *Free Press* of June 9, which contains an article headed "City tests show 48-cent rise in Winnipeg's cost of living." May I add that this report arose out of an investigation made by the public welfare committee of the Winnipeg city council. The concern of that committee is with the standard of living of people on relief. In other words, their concern is not with a high or even an average standard of living, but with that of people under their jurisdiction. The paragraph I would read is as follows:

> Cost of living in Winnipeg has risen 48 cents a month per person, buying tests recently conducted by the city public welfare department reveal. Test purchases in ten stores were made on March 23—

That is in the present year.

> —and it was found that the average cost of a week's groceries for a family of five was $7.78. The same tests made June 1 disclosed that the average cost of a week's groceries for a family of five has risen to $8.38, an increase of 60 cents, or 7·71 per cent.

Mr. ILSLEY: During what period?

Mr. KNOWLES: That increase of 7·71 per cent is in the period of ten weeks between March 23, 1943, and June 1, 1943. I do not wish to make any rash statements about the figures given by the dominion bureau of

statistics, but I think the minister knows of the statements which are made throughout the country about those figures. There is a feeling that while the wartime prices and trade board have done a good job, as I have already said, compared with the experience of the last war, still people know by their experience and by methods of dead reckoning that the cost of living has gone up more than these figures indicate.

In connection with the ways in which the cost of living can go up, there are a few comments I should like to make. In the first place, owing to the fact that some lines of goods are off the market, it actually becomes necessary for people, in order to feed themselves at all, to buy in many instances a better quality of food than they would buy in normal times. People who normally look for bargains and are prepared to take second or third grades in order to balance their budgets, find that those second or third grades are not available. In many instances they are forced to buy better quality goods, with the result that the amount they have to spend increases.

On the other hand, in connection with some goods, such as clothing, the general feeling is that there has been a certain amount of deterioration in quality. While I realize, from an answer given some time ago at my request by the dominion bureau of statistics, that manufacturers are asked to take into consideration deterioration in quality, still the general feeling of people with whom I have talked is that in the matter of clothes people are not getting the same value for their money they were getting before the war. The result is that clothes have to be bought more often, and this fact reflects itself in an increase in the cost of living under war-time conditions.

Mr. ILSLEY: What did the hon. member say was the reason why people are buying better food?

Mr. KNOWLES: I said that in many instances families which in normal times might in some lines buy second or third quality now find in war time that second and third grades are not available.

Mr. ILSLEY: Why not?

Mr. KNOWLES: I do not know why not. Does the minister?

Mr. ILSLEY: Is it not because the very considerably improved income of the people causes them to buy better grades? Is that not, honestly, the truth? I think it is common knowledge that it is.

Mr. KNOWLES: My view is that the better food some people are eating to-day is not purchased by them because they want to spend that greater amount of money on it. It is purchased because the better quality is the only line of food available to them.

Mr. ILSLEY: Where is the rest of it?

Mr. KNOWLES: I do not know, but it is not available. Another item I think the minister would have to take into consideration is the increase in taxation, part of which has actually gone into subsidizing prices and, in other words, really should be considered in computing the increase in the cost of living. I understand the dominion bureau of statistics feels it includes all the taxes it should in the cost of living index when it includes indirect taxes which show up in the prices people pay for food. But the bureau of statistics apparently does not take into consideration any of the direct taxes paid by the people of Canada. Yet those taxes have increased tremendously, and add to the cost of living. As I have said, part of the money paid in taxes is used—and I shall deal with that specifically in a moment—to subsidize prices. Part of what we pay in taxes is actually part of the price which we pay for some of our food.

Another factor which I think should be considered is that averages are very deceiving. It is one thing to find what the average cost of living is on certain quantities of goods across the country, and it is another thing to find a family which is at that precise average point. Conditions vary in different parts of the country, and they also vary considerably according to the income of the family. The dominion bureau of statistics can establish quantities of necessary commodities which it takes into consideration in making up its cost of living index, but whether or not the relative quantities of those various goods are bought depends upon the family income. Those in the lower income brackets do not buy the same proportion of all the various kinds of goods included in the list of things which make up the index. There are certain basic things they have to buy first, and so far as they are concerned if those basic things go up in price, then their cost of living index may have risen to a greater extent than is reflected in the average published by the dominion bureau of statistics.

One might ask why we are concerned with the figure the bureau of statistics publishes, and why we bring it to the attention of the wartime prices and trade board. The answer, of course, is quite clear; namely, that the cost of living bonus is paid—when it is paid—in proportion to the increase in the cost of living. Of course the wartime prices and trade

board watches the cost of living index closely, because that index indicates whether the board is doing its job, so far as the control of prices is concerned. I think there would be a good deal more satisfaction and perhaps a greater appreciation of the work of the board if the whole question of the determination of the cost of living index were gone into anew, in the light of war-time conditions, and in the light of some of the factors which I have suggested, and some other factors which no doubt other hon. members will suggest later on. This ought to be done to see if it is not possible to arrive at a figure which will more nearly approximate the experience of our people. I say again that that rise of only 2·3 per cent in the price of food in eighteen months hardly tallies with the experience of the housewives of Canada.

I have given as one piece of evidence on the other side the article in the Winnipeg *Free Press,* which is an account of a report made by an established committee in Winnipeg, and which shows that there was an increase of 7·71 per cent in the period of ten weeks ending June 1, 1943. When I started I said that I should like to make a few comments on the other side of the board's activities, namely, that of seeing to it that necessary goods are made available to our people. Here again I agree in spirit with the statement made by the minister the other night when he expressed satisfaction with the work the board has been doing in this connection. If all we have to suffer on this continent while this war is on is a few privations through not being able to get our chosen foods, that is not a very large price to pay and there should be no complaint so far as adults are concerned. I am going to take a moment or two, however, to speak on behalf of one group of citizens, our children and infants.

It seems to me that the board ought to do something to try to improve the situation with respect to the younger members of our community. We do not know how long the war will last, and what our children receive in their younger years may have a bearing upon their health throughout their whole lives. A great deal of progress has been made in recent years in the field of nutrition. We know the things that are necessary in order to build health, and yet some of the things necessary for infants and young children are most difficult to get at the present time. One item is the little tins of fruits which are prepared for children and which an adult would not eat unless he were ill. Then there is the good old stand-by, prunes, and there is also canned milk. The minister made some comments about this the other night and pointed out that we have actually increased our production of canned milk. Despite that, shortages seem to be turning up. Corn syrup has become very important to babies, and then there are such things as oranges and other fruits.

I would suggest that some of these items be rationed. I know the minister said the other night that while it is realized that theoretically rationing is the most perfect method of distributing food, it is something to be avoided if possible. But despite all the difficulties that would be encountered, I think we should be concerned about the health of our future generation. The ration books indicate the age of the holders. Children under a certain age receive no coupons for tea and coffee, and I suggest that in reverse fashion it ought to be possible to make some of the things I have mentioned available only to our younger citizens. These items which are seldom found on the shelves of our stores should be made available on a ration basis. I know that a great many young mothers, and fathers too, are worried because they cannot get corn syrup, prunes and other articles of food required by small children.

I would refer also to fruits, such as oranges. Perhaps it might not be feasible to ration oranges, but I would suggest that the whole matter of subsidies should be handled with a view to making these commodities available to the younger section of our community. In this connection I would say that I have read with great interest certain parts of the report of the wartime prices and trade board. One section which I have studied quite closely is that dealing with the functions of the commodity prices stabilization corporation. It seems to me that too much of the initiative lies with the companies which are interested in obtaining subsidies and which make application to the corporation. I feel that the initiative should lie with the board. The board, after consultation with health and nutrition experts, should have a picture of what our children ought to have in the way of food. It should start first with the group to which I have referred and should take the initiative in granting subsidies in such a way as to make these things available to those who need them.

Mr. ILSLEY: The hon. gentleman referred to a check in the rise in the cost of living made in Winnipeg and stated that the results of this survey indicated an increase in the cost of foods or groceries of 7·71 per cent between March 23 and June 1, 1943. From this he

argues that the rise of 2·3 points indicated by the bureau of statistics for the sixteen months ending March, 1943, must be incorrect.

Mr. KNOWLES: I was quite conscious of the fact that the periods were not the same. I had not the figures for the latter period and this was the best I could do. If it is true that there has been a rise of only 2·3 points in sixteen months, then I know that a rise of 7·71 points in ten weeks would have made the minister very much concerned and he would have done something about it. That much difference in the rate of rise would have been quite serious.

Mr. ILSLEY: I am not in position to express any views as to the validity of the Winnipeg survey. I do not know anything about it, nor do I know what foods they considered.

Mr. KNOWLES: I can quote further from the article. It reads:

> Foods tested were: bread, eggs (or one pound of liver), cheese, potatoes, root vegetables, cabbage, three tins of tomatoes, dried vegetables, dried or fresh fruit, rolled oats or cracked wheat, rice, tapioca (or barley), macaroni, flour, sugar, molasses, jam (or honey), salt pork or peanut butter, tea or coffee or cocoa, soap, salt, pepper, meat, shortening, butter or fish, milk.
>
> When the tests were made June 1, the following increases were noted as against prices of March 23: cabbage, increased from 15 to 44 cents; eggs, 34 to 38 cents; potatoes, 50 to 57 cents; root vegetables, 41 to 56 cents; dried or fresh fruit, 34 to 42 cents.

I would remind the minister that this survey was conducted by the public welfare committee which was considering whether they should increase the amount of the grant made to families on relief. In other words, they were thinking of that standard of living.

Mr. ILSLEY: Does the hon. gentleman know anything about the weighting given to the various foods?

Mr. KNOWLES: An attempt was made to find out the increase in the actual cost of living for a family of five on public welfare. As the minister knows, a committee of this kind would have had experience over a great many years with keeping down to a minimum the quantities of food necessary to keep a family alive.

Mr. ILSLEY: As I say, I am not in position to argue one way or another about the validity of the survey or whether the correct weighting was given or the correct methods applied. That may or may not have been done.

Mr. KNOWLES: I understand the same quantities were taken both times.

[Mr. Ilsley.]

Mr. ILSLEY: Oh, yes; otherwise the comparison would be entirely useless. The position of the wartime prices and trade board with regard to the cost-of-living index is that it is an index compiled by another department of government, the bureau of statistics. It is said to be an excellent test of the real cost of living, but I suppose no index is perfect. I suppose opinions would differ as to the accuracy with which any index really indicates the cost of living, but compared with the indices in any country I know of I would express the opinion that the Canadian index is at least as good as any of them. It is true it may be said that in certain periods the index does not measure the true increase in the cost of living, such as in a very recent period when the cost of fruits and vegetables has gone up rapidly. The hon. member mentioned, for instance, an increase in cabbages from fifteen to forty-four cents. These would be imported fruits and vegetables, and there is no doubt there has been a great increase in prices in the United States. But these are not in the cost-of-living index. There are certain reasons why seasonal articles such as fruits and vegetables are deemed improper for inclusion in a cost-of-living index. There are certain vegetables in the cost-of-living index, but the great bulk of them are not there, and that causes some persons to complain of the cost-of-living index. The only fresh fruits and vegetables in the index are oranges, potatoes and onions. I understand that consideration is being given to ways and means of overcoming the technical difficulties of incorporating other items in the index. The chief technical difficulties are wide seasonal variations in prices, many fresh fruits and vegetables being on the market for only a few months of the year, wide variations in quality, and lack of standard units of sale. I am not in a position here to express any technical opinion as to the cost-of-living index except to say that it is generally regarded as a good index; the weighting is good and there is a wide but not too wide variety of articles included. Of course one of the most important items in the cost-of-living index is not food at all; it is rent. That bulks very large in the cost of living.

Mr. KNOWLES: That is the reason I took the table on page 70 of the report rather than the minister's figure which appears on *Hansard,* and made a comparison between the report in the *Free Press* and the actual increase for foods as set out in the report.

Mr. ILSLEY: One of my officials points out that twenty-nine cents out of the sixty

cents increase was for cabbages alone. There might be some answer to what I have said about cabbages; I do not know. It is a very difficult matter, one for statisticians to work out. There were tremendous increases in certain fruits and vegetables in that very period. That may be the reason for that apparently large increase, but certainly I would not regard that as prima facie evidence that the cost-of-living index is not a true index.

Mr. KNOWLES: Before the minister deals with the other phase, may I say that the functions of the dominion bureau of statistics, including the cost-of-living index, date back, I take it, a good many years. It seems to me that with the emergence of the war and, in particular, this new function, namely, the control of prices by a board such as the wartime prices and trade board, it is certainly a debatable point whether the old basis of working out the cost-of-living index should be used. It was with that in mind that earlier this year I asked a question on the order paper which appears at page 2929 of *Hansard*. My question was:

> Has the dominion bureau of statistics, since the outbreak of the present war, made any revisions in the method of determining the cost of living index?

The reply is quite lengthy, but I give this sentence from it:

> No change in method has occurred since August, 1940, although two revisions in the index budget have been made.

My point is that what is required is not just revisions in the index budget, but an examination of the whole method in the light of this new economic phenomenon, namely, the attempt of the wartime prices and trade board to control prices. I appreciate the validity of the minister's argument. He speaks of the independence of the bureau of statistics from the wartime prices and trade board, and in one sense that is good, but it is also true that the wartime prices and trade board has an interest in the cost of living index because it indicates whether the work of the board is effective. My feeling is that these figures do not give the wartime prices and trade board a clear picture of its work. While its work is good; while it has achieved wonderful results in keeping the cost of living down, in my opinion it is not true to say that it has kept it down to an increase of only 2·3 per cent, with respect to food, in the period of the board's operation.

Mr. ILSLEY: The hon. gentleman has made certain suggestions in the interests of children and infants. That gives me an opportunity of pointing out something that has been done along those lines. We have subsidized all consumers in the purchase of milk. We have reduced the price of milk two cents a quart to all buyers in Canada. That certainly would be along the lines suggested by the hon. gentleman. He also mentioned oranges and orange juice. Similarly we selected oranges for subsidy. That is also along the lines suggested by the hon. gentleman.

Mr. KNOWLES: To what extent was that done? Perhaps the minister would prefer to give the information when we come to the item.

Mr. ILSLEY: Yes; I will get the figures. The board has also energetically sponsored the production of cod-liver oil in this country. It has taken great pains to assure an adequate supply of cod-liver oil.

With regard to tinned baby foods, I do not know just what they would be, but there are tinned baby foods, and the use of tin for these foods has been authorized to 100 per cent of its use in 1941. Of course the amount in glass containers, and so on, that can be manufactured is unlimited.

Mr. KNOWLES: There would appear to be no shortage of tin in this connection; if the minister goes into any store in town he will find that there are certain infant foods of which there is an unlimited supply in tins. Spinach is one of them—Popeye must have had some influence there. But you simply cannot buy any children's tinned fruits in Ottawa anywhere, and it is practically the same in any other city. You cannot buy tinned peaches, tinned pears, tinned apricots—any fruit in tins.

Mr. ILSLEY: It is certainly not correct to say that there is an unlimited supply of tin.

Mr. KNOWLES: I thought the minister said that.

Mr. ILSLEY: No; I said that baby foods in tins could be manufactured to the extent of 100 per cent of the 1941 pack. The hon. gentleman was saying that the board should have some regard for the welfare of children, and I gave as an instance tinned baby foods. A very fine case can be made for what the board has done in that regard. I do not take any credit for it myself—

Mr. KNOWLES: But it is only—

Mr. ILSLEY: Just a moment. The hon. gentleman does not give me a chance to get going at all. I was not quite clear as to what his suggestions were as to rationing, but I gathered that he thought certain articles not

now rationed should be rationed. All I can say about that is that rationing presents such tremendous difficulties that if it can be avoided in almost anything it ought to be.

Mr. KNOWLES: Might I say a word further. I appreciate what the board has done in the matter of tin, but I tried to point out that there is only a limited variety of goods available in tins. They happen to be all in the vegetable line. There are no fruits in tins. I imagine sugar has something to do with that. My point is that the boards should see to it that those things which are necessary—they can get the advice of nutrition experts—should, if possible, be produced and rationed among those with children of certain ages.

In connection with rationing I would suggest that it be done with prunes, with canned milk and with corn syrup. I happen to know that in some cities attempts have been made at voluntary rationing of syrup at the stores, at the suggestion of the local doctors. There are difficulties involved, but to me the importance is such that the difficulties are not insurmountable.

Mr. REID: The matters which I have to bring before the minister to-night have to do with the recent beef orders and pork orders, and are raised on behalf of the British Columbia independent meat packers, who charge discrimination, and that the advice given to the wartime prices and trade board by and on behalf of eastern packers is to the disadvantage of the British Columbia independent meat packers, and so discriminates, generally speaking, against British Columbia.

The British Columbia independent meat packers have five members, whose offices and stores for business are in Vancouver. They made personal representation to me during the time I was at home at Easter. The names of the five are: The Pacific Meat Company Limited, Fletchers Limited, the Associated Packers Limited, H. Brown and Sons Limited, and the Alberta Meat Company.

The original beef order, they claim, divided Canada into fifteen different zones for marketing purposes and put a beef ceiling in each one of these zones. The beef order, however, did not take into full account the cost of shipping cattle from the prairie provinces to British Columbia.

Ontario and Quebec, generally speaking, do not bring any live cattle from the prairies for slaughtering on account of the long haul and the cost. These are bought by the packing companies, slaughtered in the provinces and then shipped east as beef.

On February 6 a regulation was put into effect assisting beef shipments to eastern markets, completely ignoring the fact that British Columbia could not import live cattle at the price differential set by the beef order.

There is only one cent a pound differential between Alberta and Vancouver price ceilings, which is not sufficient to cover the freight charges, handling charges and shrinkage. This one cent differential allows Alberta packers to pay more for their live stock than British Columbia packers can and so keep within the price ceilings.

Eastern concerns were allowed $1.35 per 100 pounds as a subsidy on dressed beef. This makes it possible for them to draw cattle from the Alberta market, kill these cattle at their Alberta plants in Alberta, and ship their beef east with the assistance of the government subsidy. The effect of this was to raise the cost of cattle in Alberta and Saskatchewan by retaining a strong demand on the Alberta market, but it has caused the independent meat packers of British Columbia to import and kill cattle at a loss or go out of business entirely.

British Columbia meat packers should be allowed $1.30 per hundredweight to equalize the cost and the selling price.

Every price order on hides or tallow or any other by-product is based on the supposition that the market for all these products is in eastern Canada. The ceiling price on these, generally speaking, are Toronto prices less the freight to western producers.

Under the order setting the prices for hides, tallow or by-products, hides are sold under two designations, namely, large and small packer hides. Large packer hides are priced at 25 cents per hundredweight more than small packer hides. Eastern officials and their advisers have classified the Canada Packers plant in Vancouver, who by the way have their head offices in the east, as a large packer, and the independent meat packers such as the Pacific Meat company are classified as small packers.

It should be noted in regard to this that the Canada Packers plant in Vancouver are killing about 1,000 head of cattle per month, for which they receive 25 cents per hundredweight more for the hides than the independent Pacific Meat company with no eastern head office but who kill approximately 1,500 head of cattle a month. Yet this independent meat company, classified as a small packer, are killing more than the company designated as a large packer, and to the advantage of the large company.

With regard to tallow, the price of tallow throughout the United States was set at a

nation-wide price, the same at any point of production. Canadian price ceilings were established with a 75-cent per hundredweight price differential between eastern and western points. All tallow is not processed in the east. Why should there be any difference in price?

With regard to pork and bacon products, here is the history. The history of the orders of the wartime prices and trade board and the bacon board as they affected British Columbia meat packers started in 1941. The packers at that date were allowed to kill for their domestic trade only the number of hogs slaughtered in 1940. The order was changed in July, 1941, when they were allowed to kill only 75 per cent of what they did in 1940. Then in November, 1942, this amount was again reduced to about 50 per cent of the number killed in 1940. There was a reason for this, because the number of hogs taken away from domestic slaughterings were added to the exports to the United Kingdom. No complaints were made regarding this, for it was realized that exports to Britain were very necessary, although it should be noted that the hogs taken away from the domestic market were handled by an eastern plant with a guaranteed profit. On two occasions the government has raised the price of export bacon, and this has brought about corresponding increases in the live hog market since 1941.

It has been urged that there should have been also a corresponding rise in domestic pork prices, but this is a matter which I am not arguing at the present time. I think, however, it should be stated that Mr. Peterson, director of live stock and poultry products, wrote to the independent meat packers in October last and told them that ceiling prices of domestic pork products are not out of line with current hog prices, admitting there may be exceptions in certain sections of Canada, including the Vancouver area, but that it was their intention to make some certain necessary adjustments. Although the price to the producer has advanced over $2 per hundredweight, the adjustments promised by Mr. Peterson have not yet been put into effect.

There are on the average 110,000 hogs marketed in Canada per week; of these, about 90,000 are handled by a handful of exporting firms who actually operate on these on a guaranteed government profit. This leaves about 20,000 hogs per week for slaughtering, and these 20,000 are divided among all the packers and pork processors throughout Canada, including the three exporting firms, who handle the 90,000.

On April 1 of this year order No. 247 regarding pork products was issued, and it is claimed by the independent meat packers that this latest order is another attempt to put the Canadian packer industry into the hands of large eastern concerns. The features of this order, it is claimed, are discriminatory.

First of all, as regards the price set, the very basis for the pork order set-up is on pork carcases. Montreal and Toronto are allowed $1.50 spread between the cost price and the sales price, but the price differential allowed in Vancouver is only forty cents. Pork product number one of the pork order No. 247 carcase, with the head on, has a selling price in either Montreal or Toronto of nineteen cents or $19 per hundredweight, with a cost of seventeen cents delivered plus a shrinkage of fifty cents from the hot to cold weight, making a total cost of $17.50 per hundredweight. That allows a spread of $1.50 per hundredweight. Vancouver has a selling price of eighteen cents or $18 per hundredweight, which is $1 per hundredweight less than the eastern price, and since the total latest cost in Vancouver is $17.60, it leaves a differential of only 40 cents per hundredweight compared with the $1.50 allowed the eastern packers. It is obvious by this that western conditions or interests were not kept in mind when the regulations were made.

Another matter. The price set-up of the pork cuts when the hog is broken down between east and west bears the same ratio to one another as do the carcases. Whilst it is relatively unimportant, it should be noted nevertheless that the cuts of pork must now be all put out according to the eastern style, a style which is quite different from what we have in British Columbia and from what we in British Columbia are and have been accustomed to, and bears out, I believe, the contention that British Columbia and the west were not at all consulted when these regulations were drawn up.

The claim is made by the independent meat packers that eastern concerns are being subsidized, that eastern concerns have the privileges on all by-products, and that eastern concerns have been allotted practically all hog slaughterings, leaving British Columbia with only 1,800 out of approximately 110,000 hogs which are slaughtered per week. Further than that they have been granted $1.50 per hundredweight spread in Toronto and Montreal to British Columbia; forty cents per hundredweight spread with an added disadvantage in British Columbia of being only allowed a meagre supply of hogs.

One further matter complained of is that in the prices set by the board for blood meal, British Columbia has been left out. In the

light of the statements and accusations made by the British Columbia Meat Packers, I am of the opinion that the matter is so serious that a complete investigation should be made. I realize, in bringing the matter to the minister's attention now, that he is perhaps not in a position at the moment to give me a definite answer to all the charges made by the independent meat packers of British Columbia, but I trust he has taken serious note of the charges made, because they claim they will go out of business and that then the three large companies, Swift's, Burns and Canada Packers will be in entire control.

Mr. ILSLEY: I can only say that the interests of the packers of British Columbia have been brought to the attention of the board by way of a brief or briefs containing the representations which the hon. gentleman has just made, and so far as neglect of their interests is concerned, perhaps I might point out that the meats administrator is not an eastern man. He is Mr. Grisdale, from Alberta; he is not from British Columbia, it is true, but he is not an eastern man. Moreover, since about Easter, Mr. Diamond, the manager of the Pacific Meat company, has been a member of the advisory meat committee and is consulted frequently about the problems that arise. These problems, as hon. members will have noted, are highly technical, and they are being worked out. I will take note of the hon. member's representations.

Mr. CHURCH: I wish for five or six minutes to discuss some of the principles in general of the administration of this particular department under the minister. It is unfortunate that this great question of control and of subsidies should come up ten or twelve days before the close of the session. Yes; I hope to see the session close by the end of next week. It would save a good deal of money to the country, because this parliament can do nothing. Our powers, privileges and functions have been taken away from us by various controls, sub-controls and bureaucrats, so much so that we might as well go home and leave the control of this particular work to the house of Gordon. It used to be that the parliament of Canada consisted of the House of Commons and the Senate; but that is no longer so, because, as I say, all our privileges and functions have been wrested from us by a third house aforesaid, and we have little control over anything. We have practically no say in regard to any of the control policies of the government of the day. The cost of ceilings and subsidies and of administering this control system is

$65,000,000, which is twice as much as the Tupper government spent in 1896, when they left office, to administer the affairs of the whole dominion at that time. I sympathize with the present Minister of Finance, because he has been bearing the brunt of a great deal of the burden of government. On general principles, I believe the public of Canada will commend the policy of trying to check inflation; but in trying to check inflation a great deal has been done that will have the opposite effect. There have been some excellent things, but the various boards have not adopted any cure, nor have they got rid of the disease; far from it, they are themselves causing inflation by unlimited, amateur price fixing, which is linked with wages.

We never knew how our mode of living was related to the far east until we lost command of the sea in the Pacific. Our entire way of life depended upon foreign products from the far east, such as rubber, gasoline, tea, sugar, coffee and many other imports, and we have had to change our manner of living in consequence of the changes that have been brought about by this war. No doubt the government was prompted to institute these various controls by what happened in the last war when prices went sky-high. But as Mr. Churchill said in the House of Commons on August 8, 1939, the people of Great Britain were obliged to look forward to a vast change in parliamentary government, in their method of government. It might seem a paradox, he said, that a war undertaken in the name of liberty should require as a necessary part of its process the surrender for the time being of so many of their dearly-loved liberties and rights. In the last few days, he said—he spoke, as I have said, in August, 1939—the British House of Commons had been voting dozens of bills handing over to the executive the most dearly-loved traditional liberties of the British people, but he trusted that those liberties would not be abused, that they would not be used for any class or party interest, but that the people would continue to cherish them; and he looked forward to the day, surely and confidently, when all those liberties and rights would be restored to them.

So far as we are concerned, I do not think it was ever intended that the control system, started with a skeleton staff largely made up of civil service staff, should go on expanding day by day until it reached the huge proportions we now see, going up in wage bills from $10,514,000 to $14,300,000 all in one year, just for administration purposes alone. This is a staggering thought for the taxpayer. The

minister must provide the necessary money by debt charges or by taking it out of the taxpayer by revenues and income. If this had as its object the winning of the war no one would object; but it can safely be said, so far as seventy per cent of it is concerned, that it is not for the purpose of winning the war. It simply adds to the burden on the taxpayers of Canada, who have to pay income tax, sales tax and other war levies as well. In the last few days of the last session of parliament I asked what was the cost of this department of the minister, but I did not get a return until late in September. It is not his fault; he is overworked, I admit, and I am not criticizing either him or anyone else. The fact is, however, that we could not tell from day to day, from month to month, the number of people on the payroll of this enormous control system that we had. And if you got certain information to-day it would be changed next week. Now we have $14,000,000 for administration alone. The people are becoming bewildered at the cost of this institution. I asked last year what these ceilings involved, and the officials said, before the Easter recess, that they did not know. Then Mr. Gordon went to Winnipeg, and we were given to understand that the amount was $2,000,000. That information was given during the recess we had over the referendum. The government later, after the Easter recess, said the same thing; then the amount went up in the last fiscal year; and the cost of the Canadian subsidy programme from December 1, 1941, to March 31, 1943, has reached the enormous figure of $65,000,000. That, I repeat, is a staggering thought. If it were necessary to win the war it would be quite justifiable; but, as I say, a great deal of this is not necessary for that purpose.

If the policy of the government is to control all the activities of the people, to administer their affairs for them in every walk of life, from the cradle to the grave in this way, to control every man's business, whether retail or wholesale, indeed, to abolish all private business, private enterprise, thrift, and private ways of conducting business, then I say the people of Canada should know it. Many of the small storekeepers in our cities and towns have been driven out of business by this control system, and we in parliament have lost our control over the administration. We have simply handed over all our powers to an outside body to pass rules and regulations and by-laws and to send people to gaol and inflict upon them fines as high as $5,000. What a system! They would not have anything of this sort at Washington; they threw it out of the front door. Congress and the senate a week ago simply refused to have anything to do with it. The people over there are sick and tired of it all. They are willing to put up with a reasonable degree of restriction to stop inflation, but the control that we have has destroyed all competitive business, both retail and wholesale, until private enterprise has been crippled, and no one any longer can conduct his own business.

What did they do in the mother country? They passed the Pre-War Trade Practices Act in 1942, which had the effect of putting the business man, large or small, back on the basis on which he operated before the war. I submit that the time has come in Canada for us to call a halt to the present tendency and to consider seriously where we are going. We are simply leading to more inflation by the policy we are pursuing. In addition to the personnel of the wartime prices and trade board and all their deputies in Ottawa, there are hordes of workers attached to the board outside, all over Canada a small standing army of busybody officials. Every day we read in the newspapers pages of advertisements announcing additions to this vast dictator system. There is an army of them, several regiments of them from one end of Canada to the other, every one of them making different, divergent announcements at the same time, until the people are bewildered. A morning newspaper in Ottawa has been criticizing them with reference to one commodity. The country is ready to stand some of this sort of thing, but to-day we have nothing but a modern tower of Babel in Canada, with these controls that do not control. Every city and town in the country are subject to the dictates of these controllers, sub-controllers and deputy sub-controllers, constituting one large army of officials. Not only that, but in the administration of the civil service departments we find some of the most able men in the country, who get only a certain amount of salary. Others, in these controls in this department are paid almost any amount, over the head of parliament, without our having anything to do about it. All the comptroller of the treasury does is to find out whether it is an amount paid as a war appropriation, under the war appropriation measure, and then just put his stamp on it. That is what he does, on sums up to $14,000,000. It is a fine system! The auditor general admitted to me in a letter last July, a copy of which I sent to the minister, that he has no control over expenditures made under the war appropriation bill. He has no control at all over that bill. That is under the control of the comptroller of the treasury.

Anyone must know what will happen later, because I can say this that it will put a lot of men out of work, and that both before the war is over and after the war it will lead to wide unemployment if we do not check some of these unnecessary controls. What control have we over all these contracts which have been made by the board here? We have no control at all. We do not know whether the people are getting value for their money.

At this point I should like to read only a few paragraphs from the review by the National City Bank of New York. This is the June issue, for 1943, which deals with the economic results of Canada's whole ceiling and control system. In this issue it makes reference to a speech by the chairman of the board, Mr. Donald Gordon, delivered at Chicago. At that time Mr. Gordon spoke about subsidies, and the way in which they operated in Canada. I should like the committee to have the benefit of hearing what is set out in this review and, since it is not lengthy, I shall put it on record as follows:

Canadian subsidies are tied directly with regulation of profit margins on the particular product. They are designed to cover only a part of the increase in costs, and are conditioned upon adoption of various economies in production, importation and distribution. A good illustration of combination of subsidies with reduction of operating costs is provided in the case of leather footwear. This is described in an official report of the wartime prices and trade board, dated May 1, 1943, as follows:

"Soon after the maximum prices regulations were introduced it became apparent that the shoe manufacturers could not, until economies were introduced, carry on under the retail price ceiling. An investigation was carried out by the accounting administration and this indicated that approximately 15 per cent of the manufacturers' selling prices would have to be absorbed to enable the industry to carry on without serious difficulty, provided the cost of leather was maintained at prices prevailing during the basic period. It was arranged that 4 per cent would be passed on to the wholesale-retail group, that manufacturers would absorb 4 per cent, and that the commodity prices stabilization corporation would take care of the remainder by paying a temporary subsidy of 7 per cent. A simplification programme was initiated by the board and on July 1, 1942, the rate of subsidy was reduced to 4 per cent. The subsidy is not payable on footwear sold at higher prices than ceiling prices (e.g., sales to the Department of Munitions and Supply, and export), or on felt boots or rubber footwear."

The rate of Canadian subsidies is limited by various formulae and special arrangements. They are paid to low-cost producers at the same rate as to high-cost producers, but are considered income for tax purposes, and thus are recaptured in part when they result in excess profits.

In describing experience with the subsidies, the chairman of the wartime prices and trade board, Mr. Donald Gordon, had this to say in a speech in Chicago in February:

[Mr. Church.]

"We have found, in practice, that it has not been necessary to pay out anything like the sums which some pessimists predicted when it was announced that subsidies would be payable under stipulated conditions. Moreover, we have found that our declared willingness to provide such subsidies has enabled us to enter into negotiations or discussions and to reach agreements between parties providing for a fair sharing of increased costs without actually paying a subsidy at all. We are satisfied that in many cases we could not have even arranged for necessary conversations if a willingness to subsidize in case of proven need had not been expressed in advance."

The direct cost of the Canadian subsidy programme from December 1, 1941, to March 31, 1943, was about $65 millions, of which $34 millions was paid on imported commodities and $31 millions to domestic producers. The cost during the present fiscal year may reach $90 to $100 millions. On a per capita basis, the equivalent cost in this country would be on the order of $1 billion.

Opinions as to the applicability of British and Canadian subsidy systems in the United States must take into consideration differences in conditions in the three countries. The British situation differs from ours in that a far greater percentage of commodities affecting British costs of living are imported and enter the country through relatively few ports, facilitating control by the Ministry of Food. In the United States the bulk of production is domestic; it is shared, even on the processing level, by many thousands of producers. Also problems of subsidies and price fixing in this country are more complex than in Canada, due to greater population and area and greater variety of production and trade.

That is their review. The people of this country are not satisfied when they see some of those who are engaged in this matter of control. For instance, let us consider the clothing industry. Was anyone brought to the control of that industry who knew anything about clothing, or simplified practices in it? Not that I know of. Why, they take a cut off here, a cuff off there, a sleeve off here. And what do men say who have been in the business all their lives? They say that if those controllers had stayed in the business to which they belonged, it would have been far better for the retail and wholesale clothing business. Some hon. members know, because I see some of them are wearing controlled clothing this evening. And that simplified process has been applied to all clothing, even to collars, shirts and ties.

I know something about control of this business. One or two of the controllers I know were not working in the clothing industry at all. All they knew about it was what they had themselves to buy from the retail store. Yet they are put over a great industry. That is a bad policy. In the city of Toronto, if one goes along Danforth avenue, Bloor street, St. Clair avenue or Yonge street and asks

any business man what he thinks about some of these laborious controls, he will say they are putting him out of business.

That is what we are heading for. I have seen something of the results of some of this inflation. Disaster will meet us in part in the end. Just wait until we see it next year. We are told that there will be $90,000,000 for the next fiscal year. Last year it was only $2,000,000. This year it went up to $60,000,000. Now we find in this review of the National City bank that it is to be $90,000,000 to $100,000,000.

Let us consider the coal industry, for instance. Some of these controllers put on seventy-five cents a ton for delivery charges, without the authority of parliament. That was one ceiling where something could have been done to help the poor retail man who has to deliver the coal. He could have been given that seventy-five cents out of a necessary ceiling, and it would have given him something on which he could exist and help get his retail coal delivered.

In the United States they had an example of control before the war started, under what was known as the new deal. Not long ago I listened to a senator from Ohio, a former mayor of the city of Cleveland, who addressed a meeting in room 16 in this building. He was a republican, anti-new deal and isolationist. What did they do with the ceiling, price-fixing policy in the United States senate? I read the record of their debates and of congress debates every day, and I find that down there they have abandoned the new deal and this control subsidy system.

I am not asking for the complete abolition of control, but I am asking for some moderate reduction. I believe that in a country of only 10,000,000 or 11,000,000 people, some of this control may have merit. Credit should be given to the minister for much of what he has done to check inflation. But I plead with him now to let us reduce our tax rate, and surely this is one way in which it can be reduced. Let the retail man run his own business, and the wholesale man who knows his business run his own business for the remainder of the war with less state control, much of it unnecessary and not a war aid.

We have been at war four years. If during the next year, or during the remainder of this year and the year following we can relieve trade and business of some of these awful burdens and artificial barriers they have been carrying, it will be a blessing for the taxpayer and small business man. When we help the retail or wholesale man we are helping the taxpayer. It is all right to talk about this subject in an academic way. For instance, references have been made to beef and butter this afternoon and evening. Instead of having somebody who knew something about beef and butter, either a farmer or a drover or a butcher, draw up some regulations with respect to these products, we find a teacher. Well, teachers are all right. We will remember that the Carpenter of Nazareth was a teacher. The average teacher is all right in his profession. But surely he should not start to run the grain business, or set himself up as an expert in the grain or any other business. Surely he is not an authority on retail gents' furnishings or ladies' underwear, nor would he be an authority on some of those other many things mentioned by the hon. member for Témiscouata with regard to some of the controls. Those matters are out of the teacher's sphere.

Let us have a more reasonable and a common-sense system of reasonable, necessary controls. People are getting sick and tired of many of these unnecessary controls. They are sick and tired of some of the bullying practices adopted by the board. We know that some people have been taken into police court, people who never were in courts in their lives before, and those people have had to pay fines, maybe up to $5,000 for some simple, unintentional infraction.

In conclusion, I plead with the minister that he should look into some of these matters, and try to cut down some of the controls by 30 or 40 per cent in the next fiscal year where they are found unnecessary, and so aid business.

Mr. DIEFENBAKER: There are just a few matters respecting which I should like to have some information from the minister. I believe in 1943 the retention of the price-ceiling policy and the prevention of further inflation will receive its greatest test. According to the information given recently, in 1943 the income of individuals as such will be some $400,000,000 more than it was in 1942, and there will be from $300,000,000 to $500,000,000 less civilian goods available during the year. All this points to one conclusion. Unless there is the strictest enforcement, aided by the cooperation of the Canadian people as a whole, inflation will progress by leaps and bounds during the present year. So far as the opposition is concerned, its attitude has been one of assistance to the government in preventing inflation. I have pointed out that in order to secure the Canadian people against the danger of inflation there must be cooperation on the part of the people as well as strict enforcement of the law against wrongdoers.

The committee should have from the minister at this time a detailed statement of the number of investigations that have taken place during the past year into infractions of the regulations of the wartime prices board, as well as the number of prosecutions, province by province, that have taken place, the number of convictions registered, the fines that are being imposed and a general statement showing what is being done against these wrongdoers. Their number is increasing because there is not the enforcement of these regulations that there should be. Loyal and patriotic people accept the rigours of the regulations that are in effect; small business men are finding themselves in a position where they are unable to carry on, and, as times goes on, these conditions will be accelerated. They can be prevented only by strict enforcement.

The people as a whole feel that during the past few months there has not been the strict enforcement of the law that there should have been. As time goes on, there will be a greater incentive to commit offences against wartime prices regulations, and this will increase in proportion to the failure strictly to enforce the regulations in the courts. I should like the minister to furnish the committee with a full statement regarding enforcement to date, so that we may appreciate just what is being done to guard against the grave danger that now faces Canada through an increasing purchasing power and decreasing amounts of civilian goods. The people as a whole are cooperating; the wrongdoers are few in number, but they are increasing, and they will increase unless enforcement is made rigorous and drastic, unless penalties are increased.

Mr. ILSLEY: I do not know whether I shall be able to cover all the ground mapped out for me by the hon. gentleman. He has asked for the number of investigations that have been instituted, but I am informed that it would be impossible to give that because there are so many. Investigations of complaints are taking place all the time. Some kind of record is kept, but it would not mean a great deal. A woman may complain that she has been overcharged, and the investigation into the complaint may take only half an hour. To make a list or to give the number of such complaints would not mean very much.

With regard to prosecutions, there have been 3,335 between December 1, 1941, and May 31, 1943. The ratio of convictions was ninety-four per cent. This number includes a certain number of prosecutions in connection with gasoline, tires and other matters, for the Department of Munitions and Supply. There were 467 gasoline prosecutions, 263 tire prosecutions and 63 others. I agree with the hon. gentleman that there must be enforcement of these regulations. If there had not been such a high degree of efficiency in the enforcement administration, perhaps our price control would have broken down. The hon. member for York-Sunbury (Mr. Hanson) suggested the other night that most people in the country want to obey the regulations, but there is a minority who do not. If that minority is allowed to infringe the regulations with impunity, they become larger and larger all the time until eventually the whole structure crumbles. Some time ago I tabled the report of the wartime prices and trade board for the period September 3, 1939, to March 31, 1943. A great deal of pain was taken with preparing this report, and on pages 66 and 67 will be found a number of paragraphs on enforcement. It would take too much time to put these on *Hansard,* but the principles upon which the enforcement administration proceeds are set out in the report much more lucidly than I could set them out.

Mr. DIEFENBAKER: Does the minister think the prosecution of 3,300 people in sixteen months represents a serious endeavour to enforce the war-time regulations passed by this board?

Mr. ILSLEY: It does not seem to me to be an insignificant number of prosecutions. The prosecutions have been increasing month by month, and perhaps I could give some figures as follows:

1942—	
October	317
November	303
December	217
1943—	
January	332
February	239
March	311
April	445
May	433

It never occurred to me that 433 prosecutions in a month was a small number. You cannot be prosecuting everybody all the time, and we are prosecuting quite a number.

Mr. MacINNIS: I wonder how the Minister of Finance knows where he is at. Two speakers in the ranks of the official opposition have spoken within the last half hour or so. One of them upbraided the minister because of the extent of the regulations of the wartime prices and trade board and the way in which people were being interfered with, and then the other one rises in his place and upbraids the min-

ister because more people are not prosecuted and because the law is not enforced more rigidly. I agree with the point of view expressed by the hon. member for Lake Centre (Mr. Diefenbaker), that there must be a close check-up and control of prices. That is because of the increase in the amount of money in the hands of the buying public and the decrease in the consumers goods that are available.

I think, Mr. Chairman, that we are proceeding here without very much system. I had hoped to follow the hon. member for Winnipeg North Centre and refer to some of the points raised by him, but now other matters have been brought in and I do not know just how we are to proceed.

The minister in his reply to the hon. member for Winnipeg North Centre said that he did not know how much validity there was in the figures he quoted in regard to the increase in the cost of living. I do not know whether the minister knows it, but I am satisfied that there are two or three million housewives in Canada who are doubtful about the validity of the figures that enter into the cost of living index. The minister would have to be more persuasive than he is in this house, though I am not finding fault with him on that score, to convince these women that the actual cost of living is truly represented by the cost of living index.

The minister also questioned whether the hon. member for Winnipeg North Centre gave the proper weight to the various items in the cost of living index. It is difficult to give these items their proper weight. The weight given to them in the cost of living index is an average weight, but it is well known that the lower the income, the greater the proportion of it that must go for the purchase of food, and the increase in the cost of living has been more in foodstuffs than in perhaps any other one item.

Mr. ILSLEY: Would not the larger proportion of the smaller income go for rent?

Mr. MacINNIS: No; I do not think so, because if the income is very small, housing conditions are the first to suffer, if the family can find a cheaper place to move to. The important thing for the poor family is to ensure themselves enough food to at least keep away the pangs of hunger.

Then there is the point that fresh vegetables do not appear in the cost of living index. That is, I think, owing to the fact that the items that go into the cost of living index have not been changed for a number of years, not since 1913, I believe. There might have been revisions—

Mr. ILSLEY: It was all overhauled in 1940.

Mr. MacINNIS: The overhauling was not so very extensive.

The minister also said that fresh vegetables were on the market for only a few weeks of the year. I know the minister is busy and has not the time to look into shop windows or go into stores to do any buying, but it is a fact that fresh vegetables to-day are a part of the family diet of everyone who can afford to buy them.

Mr. ILSLEY: I said that imported fresh vegetables are on the market only at certain seasons of the year.

Mr. MacINNIS: Quite true, but some imported fresh vegetables are on the market for the larger part of the year. Head lettuce, for instance, from California is on the market in Vancouver for at least nine or ten months of the year, and so are quite a number of other vegetables. The Minister of Pensions and National Health takes considerable time to advertise correct diet charts and that sort of thing; but what is the use of wasting time and money in preparing correct diet charts telling people what to eat to have good health, and then to have a cost of living index which does not include these articles for healthy living, and to have wage rates which do not allow people to buy the things essential to keep them in good health. These are some of the matters to which the wartime prices and trade board, the Department of Labour and the Department of Trade and Commerce, under which the bureau of statistics functions, should give consideration.

I do not care what the cost of living index says, because I know this: every woman who does the buying for her family knows that the cost of living is increasing continually, far more than is indicated by the cost of living index. I do not know how that increase can be stopped. I think it could have been stopped at the beginning if there had been posted up in each store a list of the prices of the main articles purchased. The housewife could then compare the price she was paying with the price on the list. Otherwise there is no proper check on prices, because no one can keep these prices in their heads all the time and know whether they paid less last week than they paid this week. They do know, however, that their pay cheques do not go as far this month as they did, say, two months ago. I bring these matters to the attention of the minister and point out to him and the government—because I do not know to what extent it comes under the minister's own department—that the cost of living as it bears

on the low wage workers of this country is coming to the stage where there will be an explosion if something is not done about it.

Mr. REID: There is another matter I wish to bring to the minister's attention. I have already brought it to the attention of his parliamentary assistant, but as with many other matters brought to the attention of the minister and his assistant, it goes to the department; the department gives an answer which the minister or his assistant brings back, and that is that. But we want something more sometimes than a stereotyped answer.

A standard price of 15½ cents a pound has been set for honey all over Canada. It seems strange that some articles have a blanket price applicable from the Atlantic to the Pacific, while other articles, beef for instance, have price zones, and other articles, eggs, butter and pork, have different prices. But when it comes to honey there is one price, 15½ cents a pound all over Canada. The honey producers of British Columbia had been receiving up until the war at least twenty cents a pound for all the honey produced in that province. I am not trying to get into an argument over why people prefer local honey to the imported article, but such is the case. It is the same with turkeys brought into British Columbia from Alberta and the prairie provinces. They are sold on the market at a lower price than turkeys and chickens raised in British Columbia because people prefer the local grown. We in British Columbia think we have a fine honey. The price which has been set, 15½ cents a pound, is 4½ cents a pound below what the honey producers of British Columbia have been receiving for the last twenty years. I can say that of my own knowledge, because at one time I was in the honey business myself and kept upwards of 100 hives, so that I know what I am talking about. We sold our local honey around twenty cents a pound. I appeal to the minister; I say that we cannot produce honey there at 15½ cents a pound. No one was kicking at the price of twenty cents. But the price was made 15½ cents, and then to aggravate the situation we find that an inferior grade of honey is coming in from Mexico and is allowed to be sold at from thirty to thirty-five cents a pound. Naturally the local bee-keeper wonders why his local good product is held down to the ceiling price of 15½ cents a pound, when in other years he got at least twenty cents for it, and honey from Mexico of an inferior grade is allowed to come in in large quantities—I understand it is coming in by the barrel—and is being sold at from thirty to thirty-five cents a pound.

Mr. MacNICOL: What is the reason?

[Mr. MacInnis.]

Mr. REID: I am trying to get the reason and I cannot find it. That is why I am raising the question in the house to-night, because when I brought the matter to the attention of the minister's parliamentary assistant I got a kind of answer, but my question was not answered fully. That aspect of it was not touched on. Now they are talking about changing a little the price of the pasteurized honey as against the unpasteurized. But I ask the minister why, when there was no injustice being done to the people of British Columbia, and no one was kicking, they should reduce the price to conform with the price of honey in eastern Canada. In Ontario the price was not, I believe, above 15½ cents, because in years past quantities of honey came from Ontario at a much lower figure than that, as contrasted with the price of the local product. But when people want a local product and will pay for it, and it cannot be produced out there to sell at 15½ cents, I ask the minister to have the matter looked into further in the light of the representations I am making.

Mr. ILSLEY: I certainly will. I find it quite startling to be informed that the ceiling price is so much below the pre-war price. I do not know what the explanation is.

Mr. REID: I should like to have it.

Mr. ILSLEY: I will look that up.

Mr. REID: Just one other question. Could the minister explain why canned salmon is one of the articles which is reckoned in the cost of living index. I am glad that it is, but I wonder why it has been chosen as one of the articles in this index, because it is not generally used. I believe that, generally speaking, there is more fresh fish used in Canada than there has been used of canned salmon.

Mr. FRASER (Peterborough West): There will not be two tins per family released this year—only 2,000,000 in all.

Mr. REID: I wish the minister would explain why canned salmon is included, because last year very little was sold in Canada; most of it went to Great Britain.

Mr. ILSLEY: The only thing I can do is to make inquiry of my colleague the Minister of Trade and Commerce. I have to repeat that the cost of living index is a product of the bureau of statistics; it is not a wartime prices and trade board index. It may be that an article not very widely used is an index

of the cost of articles which are more generally used. That occurs to me as possible, but I do not know whether that is the answer.

Mr. DIEFENBAKER: I wish to continue and to ask a few questions in regard to the matter of enforcement, which I think is of very great importance. The minister, when I asked the question a while ago, took the attitude that 3,300 prosecutions represented a not inconsiderable number of prosecutions for a period of fifteen or sixteen months. While the statistics which I intend to read at the moment are not very helpful and are not altogether comparable, the fact remains that in 1940, which is the last year for which information is available, there were convictions in Canada, for indictable offences, of 46,723, and for non-indictable offences, 456,109, or a total of approximately one-half million convictions during the year. Looking over the section of the report of the wartime prices and trade board to which the minister made reference, I find that there are 500 persons engaged in enforcement and investigational duties at regional offices throughout the dominion. Five hundred enforcement officers, in a period of approximately fifteen months, enforcing regulations that permeate through every sphere of life and have many ramifications, and a total of only 3,300 prosecutions, indicate, I submit, that there is not that serious enforcement of the regulations which there should be, having regard to the substantial increase in the cost of living which is taking place all over this country. As I read this section with respect to enforcement I find that, while there are the number of enforcement officers that I refer to, the major part of the responsibility of policing the price ceiling has been placed upon the women of Canada, so it states. Then it goes on to point out, at page 66, the method whereby enforcement of the regulations is carried into effect, and it states that after an investigation has taken place—

> A report is then made to the regional enforcement counsel, and if it appears that an offence may have been committed, the report is forwarded to the enforcement administration at Ottawa.

There are regional enforcement counsel in various districts in the dominion, and after the investigation takes place by the investigating officer, a report is made to the regional counsel. He in turn reports to the board itself at Ottawa. The report then states:

> Prosecutions are undertaken only after a review of the case at Ottawa and only on authorization by the board; they are conducted in the regular courts by counsel appointed by the Minister of Justice.

I have not the exact figures at the moment, but some time ago I asked what was the total amount of fines levied in Canada up to approximately the 1st of March, if I remember rightly, and fines amounted to about $120,000, and counsel fees to over $50,000. In the enforcement of this legislation, $120,000 of fines imposed in a period of approximately, at that time, twelve or thirteen months, does not indicate the enforcement that there should be of these regulations. All of us admit the desirability of enforcing them; for, if infractions take place, as the minister points out, unless prosecutions take place and sure and swift punishment follows the commission of serious infractions, the whole basis will fall down on which the price ceiling is being built in so far as those people are concerned who are prepared to break the law and who have no regard to the necessities that the war demands.

I therefore wish to ask the minister, how many reports were received by the enforcement administration at Ottawa during the period he mentioned a while ago and, of the reports received, in how many cases did prosecutions take place? We have the latter information, but it does not indicate the degree to which enforcement is being made, unless we have a record showing the number of cases where the regional counsel have reported to the central board the necessity of prosecution taking place.

I want further information. So far as prices of food are concerned, on every hand one hears complaints. Prices are going up; prices far beyond those indicated by the index in so far as the increase is concerned are being charged. People have forgotten what prices were in September and October, 1941; they have no references as to them. They want to get the food; they want to get supplies, clothing and the like, and with the diminished supplies they are prepared to pay over and above what the price ceiling will permit, in order to secure possession of he goods. That is the one thing which these regulations are intended to prevent—to prevent the person who has surplus money from securing goods, such as clothing, food, that he would not be able to secure unless he paid a bonus to the vendor.

Therefore I wish, further, the minister to give this information: of the number of prosecutions which have taken place, how many related to prices, how many to rentals, how many to hoarding and rationing offences? The minister has a break-down for them; for as of the 31st of March, in this report a statement was given which indicated that up to

March, 1943, of the 1,679 prosecutions which were undertaken from July, 1942, 547 only related to prices, 730 to rentals, and 253 to hoarding and rationing offences. My experience has been that in so far as the rental regulations are concerned, enforcement has been reasonably strict, but in so far as food and clothing prices are concerned and infractions of the regulations with regard to them, there has not been a strict and sure enforcement.

While the comparison which I mentioned at the beginning—the number of offences, non-indictable and indictable, during the year 1940—does not strictly show the position, it does indicate that, if a half million people were committing offences in Canada during the year 1940, many of them merely against statutes such as the offences against the war-time regulations would be, 3,300 prosecutions do not indicate that the enforcement officers are doing their duty. It says that the housewives of Canada are to be the policewomen, in the main, to enforce the law. I have already pointed out the weaknesses of that suggestion. with the number of investigators that there are, the number of officials that have been appointed to administer these regulations, my submission is that they should be engaged in the work of investigation. You cannot do it thoroughly, I realize; if you did, you would have a tremendous army of inspectors. But they can do at least this much, that when serious infractions are found, the penalties imposed shall not be the weak pusillanimous penalties that have been imposed up to the present time.

Let me give the record in that connection. At page 67 of the report we find the maximum penalty of $5,000 or two years' imprisonment or both. A penalty such as that is no deterrent to the wrongdoer when he knows that it will not be imposed. Let me quote from the report:

> In the introductory stages of the price ceiling programme the courts were inclined to give light sentences for offences against the board's regulations. This tendency has not disappeared and fines still remain substantially lower than those levied for comparable offences in Great Britain. Sentences for most offences have been fines of less than $50, although recently a number of fines ranged from $100 to $1,000 for each offence. Several terms of imprisonment have been imposed for offences relating to rationing of rubber tires and gasoline.

My point is this: Laws unenforced bring the whole administration of the act into disrepute. Laws such as these regulations of the wartime prices and trade board, which are designed to increase Canada's war effort and to provide for the safety of us all, should be enforced by penalties that will act as a deterrent to potential wrongdoers. Penalties such as those one hears of imposed from day to day—$5, $10, $15 and costs—do not act as a deterrent to the type of wrongdoer that the wartime prices and trade board has to deal with, the type of person who in a time of war, for personal gain, endeavours to take advantage of the common peril of the nation.

Mr. ILSLEY: The hon. gentleman asked me for a break-down of the prosecutions. Of the 3,335 prosecutions from December 1, 1941, to May 31, 1943, 894 were for infractions of the price regulations; 952 rentals, 465 rationing, 225 for "other" wartime prices and trade board regulations.

Mr. DIEFENBAKER: What was the last?

Mr. ILSLEY: There were 225 other wartime prices and trade board regulations, 467 gasoline, 263 tires, 63 other, Department of Munitions and Supply, regulations. Then there were six other cases. These figures will add to 3,335. The hon. member asked for information as to the number of reports received from regional enforcement counsel. I have not that information here, but I will give it to the hon. member to-morrow.

With regard to the size of the fines, that is a matter over which, as the hon. member knows, the board has no control. It is a matter for the courts. I find, on looking over the list of fines imposed in the month of May, which is the latest month for which I have a report, that some were $500, some $250, some $200, some $100, some $50, some $25, some $15, some $10, some $5 and an odd one of $1.

Mr. GRAYDON: Many of $1?

Mr. ILSLEY: No; I had to look through several pages to find that one. It is a matter of judgment for the court as to what the fine should be. The court has the right to impose a fine up to $5,000. There were three fines of $500 each on one man for hoarding—

Mr. DIEFENBAKER: In Saskatchewan?

Mr. ILSLEY: Yes. I recommend to the Department of Justice—

Mr. PERLEY: What was he hoarding?

Mr. GRAYDON: Wheat?

Mr. ILSLEY: Food and so on. I recommended that there be a remission, but I do not know what the Department of Justice did in the matter. I thought it was too much.

Mr. GRAYDON: Did you ever ask them to jack up the dollar fines?

Mr. ILSLEY: As a matter of fact, I did not know there were any until to-night. They are for small offences. There is a wide variety of offences for which people are fined.

Mr. DIEFENBAKER: In connection with enforcements, has consideration been given to the fixing of a minimum fine? As the situation is to-day, if a man in a district is brought before the local justice of the peace, naturally, things being what they are, the penalty will be a nominal one. Consideration should be given to the imposition of a minimum penalty, because the situation to-day is, in spite of the references that have been made to fines of $500, $200 and $100, that in the main the penalties are so small as not to amount to a deterrent to the wrongdoers.

There is another matter I would mention. We appoint outstanding counsel in all parts of Canada as regional enforcement counsel. The appointee in Saskatchewan is an outstanding lawyer who has given his services at a fee not in keeping with his abilities. He knows the local conditions. Why should his recommendation not be sufficient for a prosecution? Why should it be necessary for all cases from Saskatchewan, Alberta and Manitoba, and so on, after passing through the hands of the regional counsel, following investigation by trained investigators, be sent to Ottawa to be reconsidered? What is the purpose of that? In no other phase of prosecution is that course followed, except in so far as prosecutions under the Inland Revenue Act are concerned. Why is it necessary to get the consent of the authorities in Ottawa when the counsel in the province, the investigating officers, have noted infractions and have recommended that prosecution take place? Why should there be another board in Ottawa to determine whether the regional counsel in the province and the investigator have sufficient evidence upon which proceedings should take place? That in itself defeats one of the aims of criminal justice, namely, that punishment shall follow swiftly on the commission of the offence. Delays occur; witnesses disappear; conditions change by the time the prosecution is proceeded with, and where justice should be done it is not done. I should like the minister to explain the reason for that precaution so far as this legislation is concerned.

Mr. ILSLEY: The legal reason is that the order in council requires it; but the question I suppose really is, why does the order in council require it? I do not know that I have ever given much thought to that question, but it strikes me as being appropriate in some way or another. It may be that I am influenced by the traditional view. In the transaction of government business it has always been the custom that before a prosecution is instituted there must be authority from the appropriate governmental department headquarters in Ottawa.

Mr. DIEFENBAKER: But you already have a regional counsel.

Mr. ILSLEY: Yes, I know. But it is a serious thing to lay a charge against a man, and it is a question as to how much checking there should be. The hon. gentleman was not in the house the other night when the hon. member for New Westminster gave two cases of prosecutions which he thought should never have been instituted. Those prosecutions were presumably reported to Ottawa by the regional enforcement counsel and were authorized from Ottawa, and it sounded to me as if one at least of them should not have been instituted. It was a prosecution against an old age pensioner for some infraction of the price regulations, and it sounded to me as though whoever had authorized it had made a mistake. The hon. member may say that the board is just as likely to make a mistake as an enforcement counsel. But at least there is less likelihood of two making a mistake than there is of one making a mistake. That is, I presume, the reason why, generally speaking, we are cautious before instituting prosecutions. Somebody other than a local man has to pass upon it. The principles upon which prosecutions are instituted might become different in different provinces, depending upon the view enforcement counsel took. The hon. member may say that wherever there is a violation or wherever there is any infraction of the law, a prosecution should be undertaken. He may say that. Well, I do not think that would be the right thing to say. If he does not say it, then there must be a certain amount of discretion in the officials as to the class of the case or kind of case in which they will institute prosecutions. That is, the enforcement counsel must have sense enough to say, "Oh, that is a minor thing; it is really an insignificant case where a man has made a mistake. A warning is sufficient." If it were left to enforcement counsel throughout the country to exercise that discretion, it might not be uniformly or consistently exercised; and for that reason it probably is desirable to make it necessary to have authorization from the board at Ottawa.

Mr. DIEFENBAKER: Then what good purpose do these regional enforcement counsel fulfil? What is the purpose of paying them as much as $4,000 a year, if their recommendations mean nothing? There are local enforcement officials who investigate the infraction of the regulations. Why, then, have regional counsel? They have no position to fill, unless they are to enforce the law within their own province.

Furthermore, I point out that these enforcement counsel draw salaries of $4,000 a year or more. Yet, when a prosecution takes place, they have nothing to do with it. The Department of Justice appoints counsel in the various cities and towns to attend to the various prosecutions, appointing them ad hoc for the prosecutions in question. If these regional counsel are not men who can exercise discretion, then they have nothing whatever to do, other than to supervise the enforcement of the law. If so, why have them at all, when they have no authority?

Mr. ILSLEY: The enforcement counsel are really the head of investigational staffs. The investigators report to the enforcement counsel, and I presume that the enforcement counsel weed out certain reports, and say, "Do not bother with this one", or "We cannot get anywhere with that", and use their legal knowledge in so doing. They would recommend against a prosecution if it were apparent to them that there was no proof available, and they would realize, too, that they are dealing with laymen. Perhaps I am drawing on my imagination when I set out what they would do, but I believe I am correct. I think they would be discharging a useful function in so doing, because otherwise we would have all kind of reports coming in from 500 or 600 investigators, direct to Ottawa. I believe there would be a great advantage in having them gathered up, put into proper shape and winnowed out by these enforcement counsel.

Mr. GRAYDON: I should like to ask one or two questions with respect to the situation in Ottawa. Some reference has been made to the various steps taken and the various machinery existing for enforcement in connection with infraction of the wartime prices and trade board regulations in outlying centres and in the various provinces.

Would the minister give me some information as to what, if any, cases connected with infractions of the wartime prices and trade board regulations, during the period which has passed since the setting up of the board, have been referred to the Department of Justice in Ottawa? If so, how many of these cases have been prosecuted, after having been referred to Ottawa?

Then, to complete the picture set up by the hon. member for Lake Centre would the minister tell us how many of these cases, after having been referred to the Department of Justice, were then referred back to the wartime prices and trade board for further evidence, and how many were refused on the second submission to the Department of Justice, when the matter of prosecution was considered?

As I understand it, this raises an important question. The minister should explain to the committee whether or not the enforcement branch of the wartime prices and trade board has ever asked for its own final authority in connection with prosecutions arising from infractions of the wartime prices and trade board regulation. As the matter stands now, if my information is correct, final authority does not rest with the enforcement section of the board, but rather with the Department of Justice. What actually happens now is that the final authority rests with the Department of Justice. Not only have we regional counsel, and not only have we reference to the enforcement branch of the wartime prices and trade board, but the final authority does rest with the Department of Justice.

If that is so, I would ask the minister whether that has been working out, and whether it has been found to be a satisfactory solution to the matter of law enforcement. I would ask if it is not the minister's opinion that in so far as the enforcement section of the wartime prices and trade board is concerned, at least in certain cases there should be some final authority resting in their hands. I would ask for this information, because I believe it goes to the root of the peculiar position in which the enforcement branch actually finds itself at the present time.

Mr. ILSLEY: I will get the information, but I shall be very much surprised if I do not find that the correct answer is that the wartime prices and trade board has the final authority to authorize prosecutions and does not refer these matters to the Department of Justice at all.

Mr. GRAYDON: I have asked for the number of cases.

Mr. ILSLEY: I will find that out. They apply to the Minister of Justice to appoint counsel to conduct prosecutions. But, by law, the right to make a decision as to whether a prosecution shall be authorized or not rests with the wartime prices and trade board.

Mr. GRAYDON: And not with the Department of Justice?

Mr. ILSLEY: I am fairly sure that is correct, but I shall obtain definite information on the point.

Mr. GRAYDON: Perhaps the minister does not wish to commit himself. I am inclined to think he will find a different answer.

Mr. ILSLEY: I do not think so.

Mr. BLACKMORE: Does the minister think the fines have not been severe enough? Is it his impression that the law has been enforced properly?

Mr. ILSLEY: I should not like to express an opinion on the point. I shall discuss the matter with Mr. McGregor, the enforcement administrator, and after having done so, I can make a more intelligent reply.

Mr. BLACKMORE: I am inclined to think the hon. member for Lake Centre over-emphasized this matter. I do not believe that members of parliament should urge that the minister apply fines more severe than are now being applied. If the law is being kept, that is sufficient.

Mr. GRAYDON: If the law is being kept, we do not need to worry about the fines.

Mr. ILSLEY: That is the point. The test of the efficacy of the law is not the size of the fines. A perfect condition would be where no prosecutions would be necessary. One might find a situation where the control was perfect, and where there would be no prosecutions whatever.

Mr. DIEFENBAKER: Does the minister think we have arrived at that stage?

Mr. ILSLEY: No, I do not think so. I know there are certain infractions of price regulations; there is no doubt about that. There are a tremendous number of prosecutions, and I believe the number is increasing.

Mr. CRUICKSHANK: Not if it applies to farmers.

Mr. BLACKMORE: It is my impression that, considering the almost bewildering complexity of the regulations under the control of the wartime prices and trade board, the infractions of the law are surprisingly few.

Mr. ILSLEY: The rentals regulations are pretty well observed, and the number of prosecutions there is on the down grade.

Mr. ROSS (Souris): In that connection, would any prosecution be instituted without authority from the central board in respect of rental cases?

Mr. ILSLEY: No.

Mr. ROSS (Souris): None whatever?

Mr. ILSLEY: No; there must be approval from Ottawa.

Mr. ROSS (Souris): I have a very peculiar case I should like to bring to the minister's attention to-morrow.

Item stands.

Progress reported.

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

Wednesday, July 7, 1943

The house met at three o'clock.

PRIVILEGE—MR. LACOMBE

REFERENCE TO REMARKS OF PRIME MINISTER ON JUNE 28

Mr. LIGUORI LACOMBE (Laval-Two Mountains): Mr. Speaker, I rise to a question of privilege. On June 28, 1943, the Prime Minister made the following statement in the house as reported at page 4072 of English *Hansard*:

> The statement to which I refer is as follows: "We have here in the cabinet three new millionaires who have made their money since the war's outbreak. We shall denounce them at the proper time and place. Fortunes are being built up."
>
> The proper time and place to make a statement of that kind is in this House of Commons with the hon. member simultaneously undertaking to prove the charge or, if he is unable to do so, to resign his seat in this house. I submit, Mr. Speaker, that the hon. member should be obliged either to withdraw the statement completely or else to convert it into a specific charge to be investigated in the usual manner, and the consequences of the investigation also to be followed up in the usual manner.

On my question of privilege I do say that those words which he then used about me bear a charge based upon an incorrect translation of the French debates of June 25 last. Because the Prime Minister did not verify the translation of the speech I gave in French I was subjected to serious wrong in respect of my privileges and prerogatives as a member of parliament. I was unfairly attacked by a certain portion of the press, and the incorrect translation of my speech, as quoted by the Prime Minister, was broadcast to all the country. This is the reason why, for the sake of truth, justice and honour, I ask the Prime Minister to withdraw the words which, on June 28 last, he unfairly said about me, on the basis of a highly incorrect translation.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I thought that matter had been cleared up some days ago.

Mr. LACOMBE: It has never been.

Mr. MACKENZIE KING: I made it perfectly clear to the house and to the country that I did not regard as correct the translation which my hon. friend claims is not correct. I said so, and I gave the original French words my hon. friend used. I certainly thought the whole matter had been cleared up, and His Honour the Speaker indicated to the house that he was of the same opinion.

Mr. LACOMBE: It was not the same day; it was on Wednesday last.

Mr. MACKENZIE KING: The same correction applies of course to both days, if that is any satisfaction to my hon. friend.

Mr. LACOMBE: I want a decision from the Chair. A few minutes ago I did not ask the Prime Minister to withdraw the translation, but to withdraw the words which he said about me concerning this false translation.

Mr. SPEAKER: The hon. member brought this matter before the house on Wednesday last, as he has said, and I then indicated to him that the motion before the Chair dealt only with the French text, and not at all with the English translation. I would also point out to the hon. member that a question of privilege should be raised immediately or as soon thereafter as it is possible, by the hon. member who is claiming the privilege. This matter has now been before the house on two occasions, and the hon. member under the rules has no right to exercise a claim for privilege in respect of a matter which was already before the house a week ago.

In respect of the question the hon. member now raises, may I point out that the matter brought before the house was on the French text, not on the translation. I think therefore the incident must be considered as closed.

Mr. LACOMBE: I regret to have to appeal from your decision.

(And less than five members having risen):

Mr. SPEAKER: Presenting reports by standing and select committees.

PRIVATE BILLS

FOURTH AND FIFTH REPORTS—CONCURRENCE IN FOURTH REPORT

Mr. T. A. FONTAINE (St. Hyacinthe-Bagot) presented the fourth and fifth reports of the standing committee on miscellaneous private bills, and moved:

That the fourth report of standing committee on miscellaneous private bills, presented this day, asking for leave to sit while the house is sitting, be concurred in.

Motion agreed to.

EMPIRE PARLIAMENTARY ASSOCIATION

VISIT OF CANADIAN MEMBERS TO WASHINGTON

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I have in my hand a copy of the *Congressional Record*, the proceedings and debates of the 78th congress, first session, Washington, Saturday, July 3, 1943. This number contains an account of the visit made by members of congress to the meeting of the Empire Parliamentary Association at Ottawa. I understand that the hon. member for Lake Centre (Mr. Diefenbaker), who was chairman of the conference, has also received a copy of the *Congressional Record* and would like to make reference to the visit of Canadian members to Washington arising out of what appears in the *Congressional Record*. If such is the case, I feel that my hon. friend might be permitted to make his remarks at this time.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I thank the Prime Minister and the house for the opportunity of referring to the visit made by members of this house, together with the Speaker of the Senate, the Honourable Thomas Vien, to the Senate and the House of Representatives in Washington on June 30 and July 1.

The members of this house who were privileged to attend on that historic occasion were the hon. member for Stormont, the parliamentary assistant to the Minister of Munitions and Supply (Mr. Chevrier), the hon. member for Rosetown-Biggar (Mr. Coldwell) and myself. I think reference should be made to the kindness and the friendship and hospitality which were shown to us by both houses, not as individuals but as representatives of the parliaments of Canada and the other parts of the British empire. I need hardly say that the depth and warmth of their reception of us epitomized the devotion and the common sacrifices of the British empire and the United States of America in the present struggle, and it was the expressed hope and prayer of the members of congress, the members of the Canadian parliament, and of the parliaments of the United Kingdom, of Australia, of New Zealand and of Bermuda, that out of this meeting would come a repetition in the years to come of like meetings, and that the spirit of cooperation that now actuates the great democracies in the world should be continued in the days of peace.

I should mention the outstanding event of the visit which showed the appreciation of the United States of America of the empire as a whole, and of Canada, which was that for the first time in history, members of parliament from all parts of the empire were invited to take and did take desk seats on the floor of the United States Senate while it was in session. This was the greatest tribute that the United States Senate could pay to the representatives of the empire, and history was indeed made thereby on July 1, 1943. I hold in my hand a copy of the *Congressional Record*

of July 3, 1943, in which United States Senator Warren Austin, one of our distinguished visitors, referred to the visit of the representatives of the United States to Canada. Referring to the fact that delegations from all parts of the empire and the United States had attended, he said:

> The subject of study and informal discussion was the qualification and capacity of democracies to win the war and to attain peace that will prevail throughout the world.
>
> The discussions were marked by eagerness for information, candour of expression and friendly understanding.
>
> No obligations were sought or undertaken, but consequences of high value in mutual understanding were realized.

He goes on to say that with the unanimous consent of the Senate he would like to place upon the record the eloquent speeches made on the occasion of that visit by the Prime Minister of Canada, the Leader of the Opposition, the hon. member for Rosetown-Biggar, and the hon. member for Lethbridge. He used these words:

> I concur in the opinion of the Prime Minister of Canada that "the resolution itself will in time become an historic document," and I believe that this first meeting of members of the Congress of the United States with members of the Empire Parliamentary Association is the beginning of a relationship among those bodies—which are closest to the people of the democracies—having endless possibilities of understanding and achievement.

He ends with these words:

> The compliment of their visit to the Congress of the United States is further evidence of the intention of the democracies to cultivate a more perfect union for the prosecution of the war and the attainment of lasting peace.

The words of Senator Austin are reechoed by every hon. member of this house.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 116, for the relief of Elaine Alice McCormick Desrosiers.—Mr. Hill.

Bill No. 118, for the relief of Phyllis Beatrice Barnett Woodham.—Mr. Hill.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WARTIME HOUSING LIMITED—HALIFAX

Mr. ISNOR:

1. What is the total number of prefabricated houses built by the Wartime Housing Limited, in the city of Halifax?

2. How many of these houses are occupied by, (a) employees of H.M.C. dockyard; (b) employees of Halifax Shipyards Limited; (c) employees of construction firms presently engaged in war-time construction projects; (d) members of the armed forces, army, navy and air force; (e) waterfront workers; (f) civilians otherwise employed?

3. What is the method used in selecting tenants?

4. Are any houses occupied by persons who have moved to Halifax since May 1, 1942? If so, what number?

Mr. CHEVRIER:

1. 544.

2. (a) 224; (b) 205; (c) 70; (d) 9; (e) none; (f) 36 (Department of Transport and the civil service).

3. During the course of the construction of the houses, an allocation plan is worked out with the industries which Wartime Housing must serve in any locality. Each industry thereafter selects its list of tenants for the houses allocated. Upon Wartime Housing Limited's investigation proving the necessity, the houses are given to the persons nominated.

4. We have no knowledge as to the arrival dates of our tenants. This can only be determined by taking a census.

WARTIME HOUSING LIMITED—CLARK-RUSE LIMITED, LAKEBURN, N.B.

Mr. EMMERSON:

1. What number of prefabricated houses have been built by the Wartime Housing Limited at Lakeburn, Westmorland county, N.B., for the use of the employees of Clark-Ruse Limited?

2. How many of these houses are now occupied by employees?

3. Is the Department of Munitions and Supply considering the making of these houses available to members of the armed forces, if they are not taken up by Clark-Ruse employees at an early date?

Mr. CHEVRIER:

1. At Lakeburn, N.B., 200 houses were constructed for the use of workers and their families engaged in the production of munitions or on defence projects. By reason of proximity, the Clark-Ruse plant would be the largest user of these houses.

2. As of July 3, 1943, 143 houses were occupied by employees of the Clark-Ruse company except for 11 houses occupied by employees of T.C.A., Department of Transport, or the McNamara company.

3. On all Wartime Housing projects certain houses are made available under standard conditions to families of soldiers in overseas service. As yet, no requests have been made in proper form for houses to be used in this locality for this purpose.

Wartime Housing Limited has not considered the making of these houses available to others than those permitted under the order in council which created Wartime Housing Limited. Daily we are informed by the Clark-Ruse company that by fall they will require all of these houses and possibly will be asking for some additional houses.

MEAT RATIONING—TURKEY AND CHICKEN

Mr. LaCROIX (Quebec-Montmorency):

1. Why are there no coupons for turkey and chicken when coupons have been issued for beef and pork?

2. At whose request was the rationing of beef and pork instituted?

Mr. ABBOTT:

1. No coupons are issued for turkey and chicken because poultry is not rationed.

2. Rationing of beef and pork, as well as veal, lamb and mutton was introduced as a government policy to ensure an equitable distribution of meat throughout all sections of Canada and for the purpose of releasing additional quantities of meat for export to our allies.

CEILING PRICE OF PULPWOOD

Mr. BLANCHETTE:

In view of the increase of $4 per ton on pulp, as per agreement between the wartime prices and trade board and the U.S. office of price administration on February last, and since present indications are that a further advance in price of pulp will be permitted, will the ceiling price of pulpwood paid to the producer be increased also?

Mr. ABBOTT: There was no increase of $4 per ton in the price of pulp in February last, but it is assumed that the question refers to an increase of $4 per ton in the price of newsprint effective March 1, 1943. No increase in the price paid to producers of pulpwood is contemplated as a result of this increase in the price of newsprint or as a result of any increases under consideration at this time.

Actually, the price increase made in March was the first increase in the price of newsprint since 1938. This was allowed partially to compensate Canadian newsprint producers for increased costs including increases of from $1.50 to $2 per cord in the prices paid for pulpwood during the period from 1938 to the date of the establishment of the price ceiling in the fall of 1941.

STORAGE FACILITIES FOR 1943 WESTERN CROP

Mr. CASTLEDEN:

What steps are being taken at the present time to provide building materials to the western provinces for the erection of storage facilities for the 1943 crop?

Mr. CHEVRIER: Arrangements have been made whereby all but a very small percentage of the production of lumber in the provinces of Manitoba, Saskatchewan, Alberta and in the northern and southern interior of British Columbia is to be made available for use in this area for war purposes and essential civilian demands, of which agriculture is considered of major importance. Arrangements have also been made whereby substantial deliveries of lumber produced in the coastal area of British Columbia have been and are made available to the prairie provinces.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CORNWALL CANAL EMPLOYEES

Mr. NOSEWORTHY:

1. What are the conditions and regulations regarding the employment and pay of employees engaged on the secondary canals of the dominion?

2. Are these conditions and regulations being followed in the case of, (a) lockmasters; (b) lockmotormen employed on the Cornwall canal?

3. What are the differences in the conditions of employment and pay of these two classes of employees on that canal?

GOVERNMENT EMPLOYEES COMPENSATION ACT—MEDICAL SERVICES, QUEBEC CITY AND MONTREAL

Mr. DIEFENBAKER:

1. What medical doctors in Quebec city and Montreal have been employed by or engaged in connection with the work of the Government Employees' Compensation Act in each of the years 1940 to 1942 inclusive?

2. How much has been paid to each for such services during each of the said years?

ROAD CONSTRUCTION IN NEWFOUNDLAND

Mr. MacINNIS:

1. Is the government of Canada constructing a road in Newfoundland, (a) on its own account; (b) in conjunction with any other government?

2. If so, what is the location of such a road?

3. What is the estimated cost of same?

4. Has any part of such road been completed? If so, at what cost?

5. By what firm or firms is the road being built?

6. Did the contractors supply the equipment for building the road?

INTERNMENTS—CAMILLIEN HOUDE

Mr. LACOMBE:

For a copy of all letters, telegrams, correspondence, memoranda, evidence, reports and other documents in the possession of the Department of Justice, concerning the appeal of Mr. Camillien Houde, heard on the 28th May, 1943, by an advisory board at Fredericton.

Mr. ST. LAURENT: Mr. Speaker, I regret to have to oppose the motion made by the hon. member for the production of these papers, because I thus have to remain responsible for the decision that was taken. I have to take that position for two reasons. One is that the terms of the defence of Canada regulations make it the responsibility of the

Minister of Justice to exercise his judgment in these matters for the safety and security of the state, and in order to discharge that responsibility it is necessary that he be able to have available to him information that cannot be made public. Moreover, the terms of the defence of Canada regulations provide expressly what information in that respect is to be communicated to the house:

21. (3) The Minister of Justice shall, at the beginning of each session of parliament and every four weeks thereafter during each session, make a report to parliament showing the action taken under this regulation, which report shall show:

(a) the number of persons detained under orders made pursuant to this regulation; and

(b) the number of cases, if any, in which the Minister of Justice declined to follow the advice of any advisory committee which may be appointed under the next following regulation.

Those are the items of information which the regulations provide shall be communicated to parliament, and they have always been regularly and fully communicated.

The second reason is that this matter comes in terms within the language used by Your Honour on the 30th of June in disposing of a motion for the production of papers, your remarks and decision being reported in *Hansard* at page 4287. These papers are communications from confidential advisers to the minister for the purpose of enabling him to reach a decision and come expressly within the language used by Your Honour in giving a ruling on the 30th of June. In my judgment, for these reasons it is not in the public interest that these papers be produced, and I ask that the house do not order that they be tabled.

Mr. LACOMBE: I want to draw attention—

Mr. SPEAKER: Order. This motion is not debatable.

Motion negatived on division.

CENSORSHIP REGULATIONS OR INSTRUCTIONS

Mr. FRASER (Peterborough West):

For a copy of all censorship orders, regulations or instructions issued under government authority since the outbreak of war.

Mr. LaFLECHE: Mr. Speaker, I ask that this motion stand, for the reason I gave on Monday.

Mr. GRAYDON: May I be permitted to say a word with respect to the minister's explanation? This is the second occasion on which the minister has asked that this motion stand. We are anxious that the papers called for by this motion shall be made available just as soon as possible, because shortly the minister's department will be before us for consideration, and without the papers which are here called for I am afraid we shall be prejudiced. I should like to know why the minister is continually asking that this motion stand.

Mr. LaFLECHE: On the 5th of this month when this motion came up I said:

Mr. Speaker, because it will not be possible to ascertain the full extent of this motion before a few days, may I ask that it stand?

I have done my best to find out just what all this means, and I have been told by the officials who are in Ottawa that it will take a very long time to produce all these papers, because hundreds of files must be perused. The gentleman I would particularly like to see is the director of censorship, who will not be back in Ottawa until next week. It is really to save time, certainly not to deprive the house of information, that I ask that the motion stand.

Mr. CHURCH: The whole thing should be abolished. It is nothing but a farce.

Motion stands.

BUSINESS OF THE HOUSE

MORNING SITTINGS

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

That on and after Thursday, July 8, 1943, until the end of the session the house shall meet at eleven o'clock in the morning of each sitting day and that in addition to the usual intermission at six o'clock, p.m., there shall also be an intermission every day from one to three o'clock, p.m.

Motion agreed to.

BEER

QUESTION AS TO FEWER RESTRICTIONS AND BETTER DISTRIBUTION

On the orders of the day:

Mr. J. M. TURNER (Springfield): I desire to ask the Minister of National Revenue a question. As the result of an article in the Montreal *Gazette* of June 21, which states that the Cooperative Commonwealth Federation at their convention passed a resolution "for less restrictions and better distribution of beer supplies", does the government intend to take any action along this line?

Hon. C. W. G. GIBSON (Minister of National Revenue): I have not received a copy of the resolution to which the hon. member for Springfield has referred, but I understand from what he said that it referred to the production and distribution of beer. I should like to say that the brewers are having great difficulty in maintaining, with the staff that they have available, the quota which has been given to them, but I have not heard of

any suggestion that men should be diverted from essential war industries in order to produce more beer. With regard to the better distribution of beer, that is entirely a matter within the control and jurisdiction of provincial authorities.

Mr. REID: Will the minister explain why British Columbia has been discriminated against in this matter?

Some hon. MEMBERS: Oh, oh.

Mr. REID: That is a legitimate question, Mr. Speaker.

Mr. GIBSON: There has been no discrimination against any province. Every province is treated on exactly the same basis, receiving a cut of ten per cent of the amount purchased in the previous year.

Mr. REID: I think a fuller statement is required for the information of this house.

CHRISTIE STREET HOSPITAL

PROPOSED ADDITION—OFFER BY TORONTO OF FREE SITE FOR PERMANENT HOSPITAL

On the orders of the day:

Mr. A. R. ADAMSON (York West): I desire to direct a question to the Minister of Pensions and National Health, notice of which I have given him. It concerns the proposed construction of an addition to Christie Street hospital. Has the minister been officially informed of the offer by the city of Toronto of a free site for a permanent hospital ultimately to replace Christie Street hospital, and stated to be either Earlescourt Park or a site in High Park? Further, will the minister consider staying construction pending a further survey?

Mr. SPEAKER: Order. This is a question which should not be asked on the orders of the day.

CANADIAN FORCES

LEAVE TO SOLDIERS FOR WORK ON FARMS IN BRITISH COLUMBIA

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I have a question to ask of the Minister of National Defence, notice of which I have given, arising out of a wire I received this morning from Vancouver, and a copy of which was received, I believe, by the hon. member for New Westminster (Mr. Reid) and the hon. member for Vancouver East (Mr. MacInnis), who kindly deferred to me as regards asking this question, which concerns a farming district. It is as follows:

Vancouver, B.C.
July 6, 1943.

Farmers of the Fraser Valley face extremely serious labour shortage entailing danger to a number of important crops unless men are found for harvesting immediately. Right now at least 100 men needed in Surrey municipality and several hundred more in other parts of valley to harvest hay now ready to be brought in. If hay not harvested it is certain that many dairy farmers will have to sell herds for beef in fall and go out of business with calamitous results to dairy business. Acting on behalf of dominion provincial emergency farm labour committee Surrey branch Surrey municipal council and Vancouver labour council the undersigned have already met with military officials in Vancouver to-day requesting that members of armed forces be assigned to farm labour work for next two-week period but have been told that their orders forbid such action except when men are off duty. We would urgently request that you do what you can to bring about a special order from national defence headquarters which would permit allocation of needed man-power from armed forces for emergency service in Fraser Valley farms until critical period is passed.

Councillor Tom Binnie, Surrey municipality; Councillor Ben Shepherd, Surrey municipality; E. E. Leary, President Vancouver labour council; R. K. Gervin, Secretary Vancouver and district trades and labour council.

The question I wish to ask the minister is: Will the department consider harvest leave for soldiers stationed in the area, or will they permit the use of sufficient soldiers as a flying column for this purpose, these men to be returned by truck each night to their camp?

Hon. J. L. RALSTON (Minister of National Defence): If the hon. member will put the question on the order paper I will see that it is answered to-morrow. In the meantime I shall send him a copy of the directions which have been issued with respect to harvest leave, dated July 5, so as to give him immediately what information I have.

RADIO BROADCASTING

VACANCY ON BOARD OF GOVERNORS OF CANADIAN BROADCASTING CORPORATION

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): May I ask the Prime Minister a question of which I have not given him notice, but which is somewhat supplemental to a question I asked previously. I have not received any word that an appointment to the vacancy in the board of governors of the Canadian Broadcasting Corporation has yet been made; can the Prime Minister give any information as to when we may expect some news on that point?

Right Hon. W. L. MACKENZIE KING (Prime Minister): It is quite true that the appointment has not yet been made, but I hope it will be made very soon.

DEFENCE OF CANADA REGULATIONS

ARREST OF FORMER LEADER OF CANADIAN UNION OF FASCISTS

On the orders of the day:

Mr. ST. LAURENT: On June 30 the hon. member for North Battleford (Mrs. Nielsen) asked a question on the orders of the day concerning the arrest of one Charles Brandel Crate. Perhaps I may be permitted to table the answer as if it were a question placed upon the order paper in the usual way.

Charles Brandel Crate is a former leader of the Canadian Union of Fascists. At the outbreak of the war he severed his connections with this organization and signed a statutory declaration to that effect.

The Canadian Union of Fascists was declared an illegal organization under the defence of Canada regulations in June, 1940, and there is no evidence that it had been functioning since, nor any attempts made to revive it.

Crate was engaged in August, 1942, by the Par Tex Foundation Company, Limited, Toronto, and was sent by this company to Newfoundland to work on a telephone construction line, which apparently the said company contracted to build. He returned to Canada in December, 1942.

In December, 1942, he obtained employment with the Dominion Bridge Company, Toronto, Ontario, as a labourer.

In January, 1943, he was engaged by the Don Construction Company and on the 28th of that month left for the company's camp at Dawson Creek, British Columbia. He worked there until about the end of May.

Crate arrived at Edmonton during the early part of June. He was arrested at Edmonton on June 21 and charged under section 39C of the defence of Canada regulations for having advocated the policies of an illegal organization, namely, the Canadian Union of Fascists. He appeared before Magistrate Miller on the 29th of June. No plea taken and accused remanded in custody until July 7. The case is still before the courts.

Crate was employed in the area around Dawson Creek and did not go beyond that. This is not a restricted or prohibited area.

This man is a Canadian by birth, of English parentage, and as Dawson Creek is not in a restricted area he did not require a permit to travel to that area. It is understood that Crate has complied with the national selective service regulations.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Tuesday, July 6, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the Chair.

DEPARTMENT OF FINANCE

Wartime prices and trade board—administration, $14,300,000.

Mr. GRAYDON: This is in connection with another matter, but I wish to raise the point before the minister begins his remarks. I thought a moment ago I saw the parliamentary assistant to the Minister of Labour. I should like some information as to when we may expect answers to the questions which have been standing since the estimates of the Department of Labour under the war appropriation bill have been before the committee. I believe I was promised them last Monday; it is now Wednesday. I suggest to the Minister of Labour that, if it is convenient to his department to do so, the questions might be answered to-morrow.

Hon. J. L. ILSLEY (Minister of Finance): Yesterday I was asked for certain information which I did not have at the time. The leader of the opposition asked last evening for a statement of the number of cases referred to the Department of Justice. I have made inquiries and I find that no cases have been referred to the Department of Justice. Decision as to whether or not there shall be prosecution in prices board cases is made in every instance by the board.

Mr. GRAYDON: Their decision is final?

Mr. ILSLEY: Yes. The hon. member for Qu'Appelle asked the other night for the number of inspectors in the rural part of Saskatchewan. The board employ inspectors who are attached to the regional office and to the subordinate local offices in Saskatchewan. There is no separation of their work as between urban and rural districts, the investigators covering the general area in which the office to which they are attached is located. On April 15 the investigators employed by the board in Saskatchewan numbered 80. I can furnish a list of the number operating from the various offices, if the hon. member wishes.

The member for New Westminster last night raised a question with regard to honey prices. Order 286 of the board, effective June 21, sets maximum prices to primary producers, on sales in bulk to processors or dealers, at 12½ cents or 14 cents for pasteurized. Primary producers may sell at retail to consumers at 15½ cents in bulk when the purchaser provides his own container. In non-glass containers the maximum prices vary from 17½ cents in 8-pound containers to 23 cents in one-pound containers; in glass, from 20½ cents in 4-pound jars to 35 cents in half-pound jars. The prices which I have given are for non-pasteurized, and for pasteurized, granulated, one must add 1½ cents per pound to all prices. It occurred to me that the hon. member said that the producers received before the war 20 cents per pound. That may have been in containers, and if so these prices would be consistent with that price.

There was also a question with regard to imported honey. All imported honey sold at retail must be sold strictly within the lawful price ceilings. During the autumn of 1942 and the winter of 1942-43 some imports of Mexican and Jamaican honey were authorized for sale to or use by industrial users, for example, packers and soft drink manufacturers, or by contractors operating construction or lumber camps. The cost to such users or contractors was in the majority of cases from 16 to 17 cents a pound. There were a few shipments where the laid-down cost to industrial users in Canada was in the neighbourhood of 20 cents. The board has no record of prices as high as 35 cents. In each case the industrial users were required to give an undertaking to absorb such increased costs of this raw material and not to raise their prices to their customers. During the past three months no new authorizations for the sale of imported honey at higher than ceiling prices have been given, even to industrial users. It is however lawful for an industrial user to purchase honey in a foreign country and bring it into Canada for his own use, since no purchase or sale takes place in Canada.

The member for Lake Centre asked for the record of the percentage or proportion of recommendations of regional counsel which were acted upon. The records of the enforcement administration are not kept in such form as to make readily available the number of prosecutions recommended by the regional offices. A careful estimate however indicates that approximately 75 per cent of such recommendations are approved by head office in Ottawa. The percentage varies of course as between the several regions—as low as 60 or 65 per cent in some and as high as 90 per cent in others. Those are the main points.

[Mr. Ilsley.]

Mr. ROSS (Souris): Do I understand the minister to say that only a percentage of the prosecutions were authorized by the head office?

Mr. ILSLEY: No. All that take place are. What I have been saying is that recommendations are received from regional counsel which in some cases are not accepted by the head office.

Mr. ROSS (Souris): Does the chairman of the board authorize the prosecutions?

Mr. ILSLEY: The wartime prices and trade board?

Mr. ROSS (Souris): Does the chairman of the wartime prices board issue the authority?

Mr. ILSLEY: The board itself as such does so.

Mr. ROSS (Souris): There has been considerable publicity and talk about black markets in Canada, especially in meat. I have heard that there has been a great deal of interference from packing houses, either by telephone or otherwise, and it has been said that certain threats were made over the telephone by the heads of certain packing houses to the chairman of the prices and trade board. Is that right?

Mr. ILSLEY: Certain threats?

Mr. ROSS (Souris): In some cases. That is what I am informed. Just what interference has there been from officials of packing houses with the chairman of the prices board?

Mr. ILSLEY: I have no knowledge whatever of any threats to the chairman of the wartime prices and trade board, coming from anyone.

Mr. ROSS (Souris): There has been no attempt at all at interference by officials of packing houses?

Mr. ILSLEY: Not so far as I know. The official of the board who would be in a position to know says that he knows of none.

Mr. DIEFENBAKER: I do not think the minister has answered all the questions I asked. For example, there was a question as to the division between various types of prosecutions, rental and so on.

Mr. ILSLEY: I gave that last night.

Mr. DIEFENBAKER: Oh; they were given?

Mr. ILSLEY: Yes.

Mr. CHURCH: I have here a most important document, a return I first secured showing that for the first three years of operations of the wartime prices and trade board, down to June 15, 1942—three years less two months—the number of prosecutions has been 150. In this connection I have a return to an order of the house with regard to the enforcement of the law. This is sessional paper No. 341, Monday, June 29, 1942. I will read the questions:

1. How many people, by provinces, have been prosecuted in the law courts for not carrying out the orders in council and instructions, rules and regulations and directions of various boards and controllers and dollar-a-year men, including the wartime prices and trade board, and various non-legislative bodies?

2. What lawyers, by provinces, have been retained, and what are their fees?

3. Does the Department of Justice provide counsel to enforce federal law for the wartime prices and trade board and other federal boards?

In reply to the first question the answer is:

1. Numbers of persons prosecuted for alleged contraventions of regulations, orders and requirements of the wartime prices and trade board, September 3, 1939, to June 15, 1942:

Nova Scotia	8
New Brunswick	1
Quebec	22
Ontario	96
Manitoba	6
Saskatchewan	8
British Columbia	9
	150

In reply to the third question, whether the Department of Justice provide counsel to enforce federal law for the wartime prices and trade board and other federal boards, the answer is yes. The minister said that there have been 150 prosecutions in two years and ten and a half months.

Last night the minister announced that of 3,335 prosecutions from December 1, 1941, to May 31, 1943, 894 were for infractions of price rules, 952 rentals, 465 rationing and 225 sundries, like gasoline. I can tell you that in the city of Toronto the fines levied in connection with many of these prosecutions are not uniform. The magistrates impose heavy fines; the people are not given time in which to pay, and they have to go to gaol. There should be a standard of action and uniform enforcement in these cases; and in any case why should we in Toronto have the greatest number of these rental prosecutions, while the prosecutions in connection with rationing, gasoline and so on, amounted to only some 465? Then where are these people detained? We know that during the depression the government of Canada, in order to relieve unemployment, built many municipal institutions all across Canada, though Ontario did not get any. In some of the provinces they built gaols, schools, court houses and places of that kind, thus relieving the local taxpayers. In the county of York they have a gaol which was built shortly after confederation and which does not provide adequate accommodation for these people. As a result there is a good deal of suffering. I believe the minister is very humane and I suggest that he should look into these matters and consult with the enforcement officers as to equality of treatment and more reasonable fines for petty breaches.

Then I should like to know why a number of these young solicitors are employed in enforcement work when they should be doing war service. I have noticed some of the names in the newspapers, and I cannot understand why the Department of Justice should engage these young prosecutors when there are crown attorneys in all the districts whose duty it is to enforce the federal laws. The enforcement of all federal laws comes under the provincial attorneys general and their deputies, the crown attorneys in the police courts throughout the country. I do not know why these other solicitors should be engaged.

I appreciate what has been done by the minister in freezing rents in order to protect the poor people, especially in the cities. He has done very good work, but I believe the time has come when we should have a vast housing policy, because under present conditions no one wants to own property. The minister has a parliamentary secretary, one of whose relatives was for a number of years our corporation counsel. I refer to the late Mr. W. C. Chisholm, K.C., a very capable official, who went into this enforcement matter thoroughly some years ago. At that time it was found that a large share of the work of enforcing federal statutes was carried on by the police departments and crown attorneys of the various cities, who had that much less time in which to carry on their other duties. I do believe the municipalities should be given some help in this enforcement work. I believe some contribution is made in connection with the detention costs, but then I believe there is altogether too much detention. Many of those offences are merely trivial; many people are brought to court unnecessarily, though where serious offences occur of course there should be proper punishment. We should never legislate against human nature, but I am sure the minister and his assistant have done very good work.

Mr. NICHOLSON: I am sure all the members of this committee sympathize with the minister and the officials of the wartime prices and trade board in the very difficult and responsible duties they have to perform. I noticed that Canada's first minister of finance brought down in this house in 1867 a budget with expenditures during the first five months of just a little over $5,000,000, and that the monthly expenditures at that time were less than we are spending in two hours now. The controls necessary in order that the burdens of modern warfare may be distributed fairly and evenly across the country are very complicated. I think the minister and his staff are to be congratulated on having been able to bring the public of Canada along with them so well and to have so few black markets and so few people in various parts of the country who are trying to take advantage of the regulations. I have a letter from the chairman of one of the war finance committees in my constituency in which he states that his district raised $42,000 though the quota was only $28,000 in the last campaign. In his letter he went on to say:

> We have very little canvassing to do this time, as it was great the way the people came in with their subscriptions. One party had twenty-nine cream cheques saved up. Several people of very little means came in and bought on the instalment plan. Those are the kind that give a canvasser more pep. Those are the ones that we fight to save.

That is from a veteran of the last war, writing as chairman of the committee, and I think it important that we maintain this attitude right across the country.

Before I discuss the two questions I want to bring to the attention of the minister I might say that planning by people who are opposed to social planning has produced some worth while results. One of the press releases referring to order A-314 of the wartime prices and trade board states that the order has had the effect of eliminating at least one hundred million truck miles per annum, which is said to be an ultra conservative figure, with few instances in which justifiable criticism based on actual hardship could be levelled at the board, either because of lack of service or increased cost. Then it goes on to say that in the ice cream industry in Ontario between 60 and 70 per cent of the mileage previously run has been saved, at an actual dollar and cents saving to the industry. In other words, competition in the industry had in peace time wasted from 60 to 70 per cent of delivery costs, and since we have demonstrated that this wastage can be avoided in war time I hope we may have similar controls when the war is over, for the greatest good to the greatest number.

[Mr. Church.]

The minister's parliamentary assistant brought down for me some answers in connection with the amount of sugar being made available this year for canning, for the soft drink industry, for the manufacture of wines, and for the making of candy. I should like the minister to regard himself as the father of a very large family—the people of Canada—with the welfare of that family to consider. This year he is providing about ten pounds of sugar per person for canning. At the same time, according to these figures, he is providing 6·6 pounds of sugar per person for the making of soft drinks, ·9 pound per person for the making of wines, and 4·8 pounds for the making of candy. The actual figures as they were brought down in the house are 66,000,000 pounds for soft drinks, 9,100,000 pounds for wines, 48,000,000 pounds for candy and 100,000,000 pounds for preserving. To work it out on the actual amount of sugar available for the minister's family this year, on the assumption that he has three children—I do not think that is correct, but assuming that he has the average family he would receive ten pounds of sugar for each person, or a total of fifty pounds of sugar for canning purposes. He would have thirty-three pounds for making soft drinks, four and a half pounds for making wine, and twenty-four pounds for making candy. I suggest that the minister and his assistant discuss this matter in their family circles to-night, and note the reaction of the members of their families.

I understand the difficulties. I know that the soft drink industry in Canada has a large investment. I know that less sugar is available to them than was available last year. But the information we have seems to indicate that they have far too much sugar made available, taking into consideration the amounts provided for essential purposes such as canning and preserving.

I received only this morning a communication from the sugar protest committee of Victoria, British Columbia, a communication which I believe other hon. members also have received. People across Canada are not organized; they cannot make their protests vocally. But I believe there is a genuine protest across Canada against giving a family of five only fifty pounds for canning, and at the same time giving them thirty-three pounds for soft drinks, four and a half pounds for wine, and twenty-four pounds for candy.

I realize that some educational work must be done immediately to counteract the influence of the people who make soft drinks available. I have been disturbed by the reply made in confectionery stores when requests have been made for soft drinks, when none

were available. They say, "Blame Mr. Ilsley for this", instead of "Blame Hitler". I suggest that the wartime information board should be trying to have our people understand that we cannot have suggar for canning and for our children if we are going to continue to make this very large volume of sugar available for the soft drinks industry.

An hon. MEMBER: And the wine industry.

Mr. NICHOLSON: Certain hon. members may think I am a crank on the question of drink. I think in peace time the soft drink industry provides an alternative to harder liquors. But with the tremendous amount of fruit which will waste this year there will have to be some change in the amount of sugar made available.

In connection with trucking I would point out that I placed a question on the order paper in which I asked how many trucks in Canada delivering soft drinks exclusively have been permitted to operate beyond the thirty-five mile limit. The answer to that was 222. Then I asked how many trucks delivering beer exclusively operated beyond the thirty-five mile limit, and the answer was 203. To the question as to how many trucks belonging to wholesale produce dealers were permitted to operate beyond the thirty-five mile limit, the answer was 126.

In my constituency we have a large wholesale produce industry. That industry has large territories to cover, in which only a poor train service operates. They are placing on the market a very large volume of eggs for purposes of processing for the British trade. My information is that they have not been able to obtain permission to operate beyond the thirty-five mile area. At the same time soft drink trucks go whizzing by, and apparently they have no difficulty at all in securing adequate supplies of both gasoline and rubber. I submit we are allowing the soft drink industry two great concessions. I would ask the minister to make a statement indicating whether something can be done this year to make more sugar available for canning and less available for soft drinks and wine.

Mr. ILSLEY: Perhaps I should discuss one at a time the purposes for which sugar is made available. The cut in the amount of sugar made available for candy is thirty per cent this year below the amount allowed in 1941. The same cut of thirty per cent is made in respect of wine and soft drinks. The hon. member says that the relationship of the amount used for these purposes to the amount available for canning of fruit is an incorrect relationship. To begin with I would point out that the thirty per cent cut is a substantial and severe one. The hon. member seems to think that we should discourage to a greater extent than we do the use of soft drinks. Well, human beings are so constituted, whether we like it or not, that they have to drink something.

Mr. NICHOLSON: What about cold water?

Mr. ILSLEY: Legislative bodies which have tried to decree that the only drink should be cold water have encountered some little resistance in public opinion. And if they are to have freedom to drink something other than water, I suppose the alternatives are soft drinks and beer.

Mr. GRAYDON: Oh no—milk.

Mr. ILSLEY: That is a food rather than a drink.

Mr. NICHOLSON: And buttermilk.

Mr. ILSLEY: The possibility of utilizing these food drinks—because that is what they are—in a large way, is limited. I know the hon. member does not think that people should drink more beer. And with a very large number of persons in the country complaining that they cannot get as much beer as they would like, I am afraid that the discontent of the population would be considerable if we made an extremely drastic cut in the amount of soft drinks they can obtain. We are told that in war plants the availability of soft drinks is essential to morale. It would not be essential to my morale, and probably not to the morale of my hon. friend; but it does appear that there are a great many people in the country who do like to drink some soft drinks. I am afraid that if we cut the amount of soft drinks by more than thirty per cent, along with the cut in beer which has taken place, we would have a greater outcry than we should have in a time of war.

With regard to candy I would direct the minds of hon. members back to a session or two ago when we were discussing the thirty per cent tax on candy. I well recall the speeches made at that time. I remember speeches by hon. members who are also members of the medical profession, in which they argued that candy was not an article we should tax, because it was a good energy-producing food, particularly for children. We all remember the story about those poor little boys and girls who, we were told, were going into the stores to buy a stick of candy for a cent. They would reach up their little hands and hold out the cent to the storekeeper, saying, "A cent's worthy of candy, please", and the storekeeper would say, "Oh, no, my child; that is two cents now, because of the Mackenzie King government." I think it was

the hon. member for Peterborough West who accused us of having arranged it so that we would even take candy from kids. I am just mentioning these things to show that candy has made friends—or at least that it had a lot of friends at that time in the House of Commons. If we cut down to too great an extent the amount of sugar available for candy we get results which are not the results we should like to have.

Mr. GRAYDON: The minister must have been more impressed than we thought he was.

Mr. ILSLEY: Oh, I was touched by the speech of the hon. member.

Mr. GRAYDON: So were the taxpayers.

Mr. ILSLEY: That is what the hon. member said. With regard to wine, we are following the same course; that is subject to a thirty per cent cut. The hon. gentleman referred to the heavy investment, and the implication was that we were very tender toward heavy investors. Whenever anything is done about wine the investors who are most vocal are the grape growers. They are the ones who protest most vociferously when anything is done which unduly affects wine. Nevertheless we have passed an order in council which prohibits wines being reinforced by spirits, and we are subjecting them to the same type and degree of sugar control as applies to other industries. Here again I think the only proper policy is not to go to extremes.

The hon. gentleman says that much fruit will be wasted, but the reports I get are that the fruit crop is very light in Canada, that in many cases it is going to be difficult to get fruit. Some people will have more sugar than they will be able to use, and some will have less, possibly a great deal less, than they will be able to use. So far as I have been able to ascertain, the people of Canada never used more than 100,000,000 pounds of sugar for the canning of fruit. In 1942, when they were given the privilege of securing as much sugar as they requested for canning purposes, they required only 106,000,000 pounds. That represents practically one hundred per cent as against the seventy per cent being supplied to these other industries. If the hon. gentleman can work out a more rational policy than the one we are following, I should be glad to have him do it. The hon. gentleman mentioned beer and soft drink trucks.

Mr. NICHOLSON: And wholesale produce trucks.

Mr. ILSLEY: I should like to delay answering that until I have looked over a memorandum which has been placed before me.

Mr. GRAYDON: As the question of sugar rationing has been reintroduced into the discussion, there are one or two matters I should like to bring up. Will the minister clarify the position in connection with the international sugar board? The information I have—perhaps the minister will correct me if it is erroneous—is that the amount which can be had for this purpose is regulated by an international sugar board which operates not only so far as Canada is concerned but with respect to the United States. I note from an article which appeared in a Fairfield, Maine, newspaper that the amount of sugar being provided for canning in Maine is twenty-five pounds maximum. That is a maximum, not an arbitrary or a minimum amount. As I read the article, it states that a top limit of twenty-five pounds of sugar per person was set under new regulations which became effective on May 15.

If there is an international sugar board or any arrangement which covers both countries, we ought to be entitled to as much for canning purposes as is allowed in the United States. It is natural that thoughts of discrimination will arise, particularly along the border. This is one point I should like the minister to clear up. While I am on my feet I should like to place a letter on the record on behalf of the hon. member for Kootenay West (Mr. Esling), who has asked me to do this for him. He is very much interested in this matter. He received a copy of a letter addressed from Silverton, British Columbia, to the ration administrator, Confederation building, Montreal, Quebec, under date of June 25, 1943. It reads as follows:

> We have to-day received from the Nelson, British Columbia, ration committee, coupons for sugar for canning, amounting to thirty pounds for our family of three.
>
> It was understood that rural districts where fruit is extensively grown in gardens, would receive at least fifteen pounds per person.
>
> This ration allotted us amounts to one crate of fruit per person for the entire season's canning, and no sugar for jam. This is a ridiculous allotment, in view of the fact that it has been impossible to secure any supplies of jams, jellies, or canned fruit through retail channels in this district, and also in view of the fact that in practically every home, raspberries, strawberries, cherries and currants have been given extensive cultivation in preparation for the season when home canning and jam making would have to take the place of bought goods.
>
> Those of us with small patches of berries and fruits might just as well cut them down, as the crops will now go to waste, and this in a country which is in a state of war.
>
> According to press reports British Columbia, a fruit producing area, has been given the lowest allotment per person in Canada. Why?
>
> Last year, according to official statistics, the amount of sugar used for home canning and

preserving was about as much as the allotment for 1943. Yet everyone who did home canning had ample. Why are we cut to one crate of small fruit per person this year? If eight and a half million people have applied for sugar for canning, there is something wrong in the administration of the sugar distribution. After many years in the wholesale fruit business, I am convinced that there is no such thing as 85 per cent of the population of Canada preserving at home. Fifty per cent would be a high figure. Either your figures are inaccurate or else almost 50 per cent of those applying have no intention of using this sugar for canning, thereby cutting the allotment for those who legitimately intend doing so.

Your figures in your circular are also out of line. You claim there are 100,000,000 pounds sugar available for canning among eight and a half million applications.

According to my way of figuring, this would work out to almost 12 pounds per person. Why only 10 pounds in a fruit producing district?

If the same amount was used in preserving last year, then only 5,000,000 people used preserving sugar, including men, women and children, as the amount used was about 20 pounds per person on the average. Where have the three and a half million extra users of sugar come from? An increase of 70 per cent?

On what basis has this distribution been made that some districts, non-fruit producing, receive more than those which produce fruit in the home yards?

What information and from what source was it gathered upon which the distribution was made? What steps have been, or will be taken to ensure that the allotment given will be used for preserving? (It would take an army of policemen to check each individual's canning operations.)

As citizens who are making sacrifices to enable this war to be fought to a successful conclusion, we have the right to ask pertinent questions, which affect the distribution of the sacrifice, and sugar for our families on an equitable basis.

It has been proved conclusively on several occasions so far since the war started that administration for the whole of Canada cannot be done effectively from points which are over 3,000 miles from the area administered, and possibly this is the answer to some of the questions which the people of British Columbia are asking.

I want to thank the minister and the house for permitting me to read this letter on behalf of the member for Kootenay West, who had asked me to do so when this item was under consideration.

Mr. ILSLEY: The hon. member for York-Sunbury raised the question of the use of sugar in the United States as compared with Canada in the house on June 4, and instead of replying in the house I wrote him on June 17—

Mr. GRAYDON: Did he make the same suggestion as is made here?

Mr. ILSLEY: No, he did not give this figure. He raised the question because he said the restaurants of the United States seemed to be a little freer with their sugar than restaurants here. Perhaps I had better read the letter I wrote to him:

Dear Mr. Hanson:

On June 4 you asked me in the house for information as to the allocation of sugar supplies for Canada as compared with the United States.

At the end of 1941 it became obvious that the United States and Canada would have to ration sugar due to the shortage of ships to carry sufficient raw sugar from producing areas to the United States and Canada.

At that time, many discussions were held in Washington between the Sugar Administration and the office of Price Administration and other competent American government agencies. Subsequently, the ration administration was formed and participated in these discussions.

It was laid down as a principle between the Canadian and United States government agencies that as far as possible the two ration schemes should be as nearly equal as local geographical, economic and distributive conditions permitted. At the present time, the per capita consumption, excluding the needs of the army, is almost exactly the same, being about 66 pounds per head in the United States and 65 pounds per head in Canada. This consumption of 65 pounds per head is the total amount of sugar consumed in Canada for household, home canning, industrial and institutional use, divided by the population.

At the beginning of rationing, the sugar administration felt that the restaurant business, in order to save sugar, would require to be authorized to remove sugar bowls from the table. If this was not made mandatory, competitors might have nullified any saving in restaurant consumption. In the United States, such removal of sugar bowls has not been made mandatory but a very large number of restaurants and hotels only serve one tablet of sugar for a beverage and a little envelope of soft sugar for cereal or fruit. The envelope contains less than one teaspoonful and one tablet is less than three lumps. From our investigation and experience, the amount of sugar allowed to clients in restaurants in United States is appreciably less than in Canada, although there are exceptions where it is possible, on demand, to obtain more.

The allocation of sugar internationally is made by the combined food board through its sugar committee, on which Canada is represented. At meetings of this committee, Canada, United States and Great Britain present figures of their requirements and available supplies are allocated in accordance with relative need. Canada and the United States share on a similar basis, our ration plans being almost identical. The United Kingdom is slightly differently placed, in that larger stocks have to be carried and disseminated throughout the island for security reasons.

We are dependent upon the United States for our share of raw sugar to the extent of about one-third, in that the war shipping administration has given the Canadian sugar administration an undertaking to lift in 1943, 100,000 tons of raw sugar by American flag vessels. United States government agencies, therefore, expect to be assured that we are not providing more sugar per capita in Canada than they are themselves in the United States.

I have no definite information as to how they have divided their sugar in the United States between canning and ordinary purposes. The officials tell me that it is their opinion, although they do not vouch for this, that one billion pounds of sugar has been allocated by the United States for home canning, which would be a smaller amount per capita than in Canada, and their information also is that the amount allowed in the United States is 25 pounds per family rather than per person. But I am not in a position to deny what the hon. gentleman has said.

Mr. GRAYDON: Just to have the matter made clear perhaps I might read into the record this one paragraph for the minister to check, because it raises a question which it seems to me will have to be decided one way or the other. This article appeared in the Fairfield *Review*, in Maine, on May 15 last. It is entitled "Canning Sugar", and reads:

> Procedure by which housewives will obtain sugar for home canning and freezing of this season's fruit crop on and after May 15 was released Monday by the Maine district office of price administration. As previously announced by price administrator Prentiss M. Brown, sugar for home canning is being allotted on substantially the same basis as last year, that is, one pound for each four quarts (or eight pounds) of the finished product, and by essentially the same procedure—written application to the local board. A top limit—

I spoke of that before as being a mistake.

> A top limit of 25 pounds of sugar per person is set in the new regulations, which become effective May 15. The OPA emphasizes, however, that the 25-pound figure is a maximum, to be granted only in the relatively few cases where this large amount of fruit will be canned and preserved. Last year there was no nation-wide ceiling over the amount that was allowed each person, but many local boards set individual limits of 10 or 15 pounds, while others granted individual amounts as high as 45 pounds. The new limit of 25 pounds per person assures more uniform treatment, although it is not expected that many families will apply for the maximum amount. Within the 25-pound per person limit, any family can apply for sugar to put up jams, jellies and preserves at the rate of five pounds per individual. This is a more generous allowance than last year, when sugar for preserves was limited to one pound per person.

I leave that with the minister, so that the whole record will be clear.

The CHAIRMAN: Before we go any further I should like to refer to the statement made by the leader of the opposition. This sugar discussion has been taking place on several occasions. It is an important question, and perhaps it would suit the convenience of hon. members and the minister if we disposed of the sugar question first.

Mr. STIRLING: The minister referred to the curtailment which is to take place in various lines of production, but he did not say anything with regard to a curtailment in the consumption of sugar permitted for the commercial canning of fruits and for the making of jam.

Mr. ILSLEY: There is no limit for commercial canning.

Mr. STIRLING: Or for making jam?

Mr. ILSLEY: Or for jam making, no. There would be a limit on account of other factors, such as the amount of fruit available; but they can get the sugar that is required.

Mr. STIRLING: There is a cut of thirty per cent in sugar for use in the making of soft drinks.

Mr. ILSLEY: That is right.

Mr. STIRLING: But the cut to the housewife who does her own canning is a great deal worse than thirty per cent.

Mr. ILSLEY: There is no cut below last year.

Mr. FRASER (Peterborough West): The canning factories have to use a thin syrup; they are not allowed to use a heavy syrup—

Mr. ILSLEY: They have to use a thin syrup.

Mr. FRASER (Peterborough West): That is their cut?

Mr. ILSLEY: Yes.

Mr. BLACKMORE: I think it is realized by the people of Canada that the difficulties we are experiencing because of the rationing of sugar arise out of the sheer stupidity of the men who have been in charge of this country for the last six years. I can support my stand very easily. There is no reason in the world why Canada should not be producing all the sugar that Canada needs.

Mr. MacNICOL: Absolutely none.

Mr. BLACKMORE: As far back as 1936 I began to draw to the attention of hon. members the danger we were running into by reason of a war restricting the amount of sugar which could be brought into this country. Generally speaking, whenever I made such a remark some of the wise men on the Liberal side passed my warnings off

very lightly. Oh, they were buoyant in their disregard in those days. Now we see the country in the difficulties which their buoyancy and simple-mindedness have run us into. I wish to point out that there was plenty of time in 1936 to have made provision for all the sugar which Canada would need, and anyone with real intelligence and the disposition to use it could have seen at that time that there was serious danger of a war. I rose in this chamber in 1937, and again in 1938 and 1939, and I pleaded with hon. members and with the government to increase sugar production in Canada. Not a word was said in reply—not one. In 1941 I had to rise in my place and devote a considerable amount of attention to the problem of sugar, because it was proposed by some all-wise individual in Canada that we restrict by 1,300 acres the amount of sugar beets which could be planted in the southern Alberta area.

Mr. MacNICOL: Surely not restrict the production?

Mr. BLACKMORE: Yes. It was only after a great deal of effort that certain stupid men could be brought to see that such restriction was really wrong and that the 1,300 acres should be permitted to be grown.

Mr. MacNICOL: Are the farmers of southern Alberta actually prevented from raising all the sugar beets they wish to raise?

Mr. BLACKMORE: Oh, undoubtedly. The hon. member will find in *Hansard* of April 3, 1941, my speech dealing with the whole question, if he is interested enough to look it up. That was actually proposed in Canada, and but for a good deal more effort than should have been necessary it would have been adopted.

I believe it is time that we as members of the house and the people generally in Canada should begin to recognize that it is a good thing for a country to be producing what it needs. Generally speaking, people admire the mixed farmer; they generally rejoice over a mixed farming area, and those areas as a rule are more stable than one-crop areas. Now, Canada is far from stable economically. But we are in a position now to start over again. At least we can begin to start to plan over again. I hope that by some means we can manage to prevent the people who have charge of the planning policies of this country from developing such fatuous ideas about the national economy as have prevailed since 1935, such ideas as that we ought to specialize in one, or two, or three or more commodities and import just as much as we possibly can, so that we can export. Why were we supposed to restrict our sugar production in this country? Why? So that we could sell salt fish to Cuba. It sounds most attractive now, does it not,—salt fish and potatoes to Cuba? And in order to be able to sell salt fish and potatoes, we were to restrict the development of the beet sugar industry in Canada. If you can imagine anything that looks more stupid in the light of what has happened since, come around and tell me about it.

Mr. ABBOTT: Unless you happen to be catching fish.

Mr. BLACKMORE: I wish to point out furthermore that it was possible for us to have brought into Canada in the spring of 1941 two big beet sugar factories. They would have been producing sugar in the fall of 1941. There are areas in the province of Alberta in which those factories could have been established, and sugar would have been coming on to the market greatly to the relief of the sugar situation in Canada. Now it may seem impossible for hon. members to believe this, but I personally went to members of the government and urged upon them the advisability and the necessity of allowing those two factories to come into Canada and of setting up conditions and circumstances which would assure them of getting a market if they did come in; but I was met with a courteous disregard. Not only that: in the spring of 1942 we could have had another factory, but the government let it go. I wonder how long the people of this country and the members of this house are going to submit to a management of the country's affairs so open to question as this kind of thing is.

I thought it was fitting, Mr. Chairman, that we should do a lot of thinking about this matter before we left the subject of sugar.

Mr. ILSLEY: Mr. Chairman, at the risk of enhancing my reputation for stupidity I should like to point out two or three qualifications of the hon. gentleman's remarks. I do not think anyone ever suggested that Canada should or could put herself in a position to supply all her requirements from beet sugar production in Canada.

Mr. BLACKMORE: Why not?

Mr. ILSLEY: Because the economic sacrifice involved in so doing would be too great. The opportunity for expansion is not there, except at a tremendous cost. At the present time, or before the war, if I remember correctly, the total proportion of sugar derived

from sugar beets in Canada was about 15 per cent, and it rose to about 18 per cent. Of course there is a vast difference between that and 100 per cent; and certainly I never heard it suggested by the hon. gentleman or anyone else that it was feasible to fill that gap between 18 and 100 per cent. Those who have advocated a subsidized and greatly expanded programme of sugar beet production in Canada have been ambitious to get it up to a little higher figure; that is all. If that all along has been the only policy which would be arguably sound, I think the hon. gentleman's assertion that if we had been supplying a larger part of our requirements from beet sugar production we would have had more sugar for use by the civilian population is incorrect, because the amount of sugar we are able to get from abroad takes into account the amount of sugar which is available in Canada, and if we were to double our beet sugar production in this country we would be denied a proportionate amount of cane sugar by way of importation. So that the results of the ineptitude of ministers and governments and so on, if such it were, are not the results which the hon. gentleman has portrayed so feelingly. It would not have meant that we would have had more sugar; it would merely have meant that a larger proportion of the same amount of sugar would have been grown here instead of being imported.

Mr. BLACKMORE: I think the minister ought to explain the statement he made that it would be impossible except at very great cost to produce Canadian sugar in Canada. Before he starts to meet my contention—

Mr. ILSLEY: I do not intend to start.

Mr. BLACKMORE: Then he has made a statement which is utterly unsupported and unsupportable.

Mr. ILSLEY: Oh, no.

Mr. BLACKMORE: Yes, sir; utterly unsupported and unsupportable. I doubt if there is a province in Canada in which a sugar factory could not be established.

Mr. MacNICOL: We have them in Ontario.

Mr. BLACKMORE: Certainly they could be established in Ontario to supply all Ontario's needs, and certainly in Manitoba; and in the Carrot River valley in Saskatchewan I am told the same could be done. In Alberta fifteen factories could be operated, each of which would supply five per cent of Canada's total needs. I am positive that a sugar factory could be established in British Columbia, and I have had representations from Nova Scotia to the effect that they could establish one successfully there. Under the circumstances, I wonder how the minister can support his claim that it would be too costly. Let me give him another thought before he attempts this task, which he may rush into, because he has got into the habit of recklessness in the matter of sugar.

Mr. ILSLEY: Why were they not established?

Mr. BLACKMORE: Because sufficient encouragement was not given.

Mr. ILSLEY: Who would pay for the encouragement?

Mr. BLACKMORE: The encouragement could be paid for very easily.

Mr. ILSLEY: By whom?

Mr. BLACKMORE: I happen to come from an area where sugar is produced and I know a few things about sugar. All the minister has to know is this—and I have already pointed this out to the house! In the Raymond area, where I was living when I was elected, the sugar factory sold its sugar at just about four cents per pound in 1937 to the wholesaler. That is so cheap that the prospect of buying sugar at four cents per pound must appear to the people of Canada as utopian. They sold their sugar at four cents a pound and the factory made $155 an acre gross for every acre that was used in the production of sugar beets. If that is not enough to show that sugar can be produced economically in Canada, there must be something that I have overlooked, and I do not think there is. All that would have been necessary would have been to guarantee to the producers of sugar beets access to the Canadian market first. That is all. As matters were, it was so easy for the Department of Finance or the department of inland revenue to change a certain duty ever so little, and thereby admit sugar from cane producing areas at an exceedingly lower rate to destroy the beet sugar production enterprise here. A great many people had to abandon the idea of going in for the production of beet sugar, which otherwise they would have undertaken.

I think it would have been found that the economic advantage to Canada which would have accrued from the raising of our own sugar beets and the production of our own sugar would have been so great that it would have doubly compensated us for any possible expenditure which we might have had to make as a government to protect the beet sugar industry.

Let me give one example. A 1200-ton slicing capacity mill at Raymond in my constituency is estimated by responsible American authorities to be capable of keeping 10,000 people; not only those who grow the beets and those who process them in the factory, but those who produce the coal and the various other items that contribute to that processing, those who haul the beets, those who care for them, those who take care of the live stock which are produced in a beet sugar area because of the abundance of feed there; hay grown in the crop rotation in preparation for the beets; beet pulp, beet tops, beetalasses, and so on. When all these factors are taken into consideration it will be seen that a 1200-ton slicing capacity mill will keep 10,000 people. We were keeping people on relief in Canada year after year and paying for it out of the dominion treasury as well as out of provincial and municipal treasuries. That is one simple example. Moreover, we were losing all the revenues that would have gone to the railways for the hauling of the beets and the hauling of the sugar and all that sort of thing.

Even these two considerations will constitute a serious obstacle for the minister to climb over in establishing his contention that Canada could not on economic grounds afford to have produced her own sugar.

Let me make one more observation before I resume my seat. We have been hearing a good deal lately about the food conference at Hot Springs, Virginia. The most important pronouncement that came out of that conference was that never yet had mankind produced enough food. They omitted, I grant, to say something else of equal importance, if not indeed of greater importance, namely, that never had mankind been able to pay for the food that it had been able to produce. They did say, however, that mankind had never produced enough food, and they urged that every means be taken to increase the food production of the world in every country. If their advice means anything at all it should mean that in Canada we should increase our food production, and among the foods which should receive first consideration, apart from commodities which we now produce in abundance, such as wheat and other grains and vegetables, beet sugar should be prominent.

Mr. HARRIS (Danforth): I should not like the remarks of the hon. member for Lethbridge to pass without in a measure agreeing with his general premise, but I am more particularly anxious to emphasize, or at any rate to confirm, the view which the hon. member took back in 1936, that our country should see to it, in the interests of the generations that will come after us, that in the supply of all necessary commodities, and particularly foodstuffs, for every individual commodity we should at least have some source of supply, even though that source might be very limited in comparison with requirements. At any rate, our country, Canada, should have a spot where that particular commodity might be produced, and I say that Alberta is such a spot for sugar.

I rise now merely to emphasize the hon. member's remarks. Coming from the central province of Ontario, I commend to the consideration of the house his remarks of 1936 and his consistent and continued argument from that day forward, because, in common with members from Alberta, I would point out that in western Ontario at Wallaceburg, and in the counties of Essex and Kent and through that area, we are able to produce a certain amount of this particular commodity. The economics of production is another matter. If we had a world-wide free interchange of all commodities the situation would be different. It is perhaps not feasible or economically possible to produce our own requirements in certain lines within the confines of our own country. It is probably true that sugar can be produced more easily and more economically in the West Indies and other areas closer to the equator than it can be produced here; but if future events should once more give people the disposition to become more self-sufficient than is the case at present we may be forced into the position of keeping lit the embers of the fire which made it possible for us to begin the production, within the confines of our own country, of a very necessary commodity such as sugar. I believe the hon. member for Lethbridge deserves the commendation of this house for the effort he has put forward, ever since he has been a member of this chamber, in keeping to the fore the possibility of Canada producing her own sugar requirements. It is true, as the Minister of Finance has said, that our own production amounts to only fifteen per cent of our consumption at the present time, but still that fifteen per cent might sustain us should the world economic position become so desperate that we would have to depend upon Alberta or Ontario for our sugar requirements. But apart from the economics of the situation there is the fact that 10,000 people can be sustained by this industry within our own country.

Mr. BLACKMORE: That is by just one factory.

Mr. HARRIS (Danforth): As the hon. member says, that is in connection with only one factory; and before we are very much older

the day may come when we shall be happy to find employment for 10,000 of our citizens, whether in Alberta or in Ontario. Further than that, we must keep our transportation system going, and any little help it may get from the sugar industry in connection with transportation from Alberta to the consuming centres of Ontario and Quebec might help out very considerably.

I am very anxious, as I am sure the Minister of Finance is anxious, that the observations of the hon. member for Lethbridge should be borne in mind in the days to come, so that we may give some thought and study to the development of another necessary industry within our borders, not only to keep our own people employed, not only to maintain a balanced national economic system, but also in order that those of our people who desire to exercise their talents in this particular branch of industry may have an opportunity to do so. We must produce sugar for our own needs; and while it is true that the larger part of that sugar comes from other parts of the world, I believe we should maintain some production in Canada. The efforts of the hon. member for Lethbridge in connection with the production of sugar in Canada have been really worth while. I believe they will find a ready echo in the western part of Ontario, particularly in the counties of Essex and Kent, and more particularly in the town of Wallaceburg, whose refineries have been idle oftener than they should have been; as well as in the city of Chatham.

Mr. MacKENZIE (Lambton-Kent): I think I should keep the record straight and talk about the sugar industry for a moment or two, since the question has been discussed at some length by the hon. member for Lethbridge and the hon. member for Danforth. It does seem to me that we should settle once and for all whether or not it is economically sound to produce our own sugar in Canada; for this question has been bandied around the house ever since I came here, in 1935, and for many years before that. Neither this nor any other government of Canada has given much encouragement to the production of sugar beets in Canada, though I have no doubt that from an economic point of view, we cannot compete with the sugar cane industry of the West Indies, Cuba or some of the other southern islands, so far as price is concerned.

The previous speaker mentioned the counties of Essex, Kent and Lambton, and referred to the sugar refineries in that area. It is true that we have two modern sugar refineries there, capable of processing approximately 40,000 acres of beets annually. This year, in spite of all the efforts that have been put forth, only about 10,000 acres of beets, or perhaps less, are being grown. If another 30,000 acres were produced we would be able to produce approximately 75,000,000 pounds more sugar in Canada.

Mr. MacNICOL: May I ask why that is not being produced?

Mr. MacKENZIE (Lambton-Kent): I was just coming to that. The contract that has been offered to the growers is very good, probably fifteen or eighteen per cent better than last year, but there are several factors entering into it. From the point of view of returns, sugar beets must compete with such crops as corn, soya beans, white beans and so on, which probably would not give an equal gross return, but which probably give an equal net return. The question of labour also enters into the problem. It is difficult to guarantee sufficient labour to stimulate the production of this additional 30,000 acres of beets.

Mr. HARRIS (Danforth): It is mostly labour, is it not?

Mr. MacKENZIE (Lambton-Kent): Labour is one problem.

Mr. HARRIS (Danforth): It is the main problem.

Mr. MacKENZIE (Lambton-Kent): The price is another factor. This year, on a sixteen per cent sugar content, these sugar beets would give the grower a gross return of approximately $100 per acre, and the average sugar content of the beets in those southern Ontario counties over the past ten years has been approximately sixteen per cent. But that return was not sufficient, particularly in view of labour difficulties and also having regard to other field crops, to bring about the maximum production of sugar beets in this country.

I do not know just what is the solution. It has been stated publicly that if we produced an additional 75,000,000 pounds of sugar we would have ample for our own use. That may be true, but, as the minister has said, if we brought about that additional production we would get approximately that much less from the United States. As the minister explained, our policy is coordinated with that of the United States in regard to sugar. Formerly we obtained the great bulk of our supplies under a trade treaty with the British West Indies. That has been cut off, owing to the lack of shipping space, and also to the fact that most

of the south Pacific islands are in Japanese hands, and now our sugar comes from Cuba, whose production is controlled by the government of the United States. So that now we buy our sugar through the United States, and if we produced an additional 75,000,000 pounds of our own we would probably get that much less from the United States. Our 75,000,000 pounds would simply go into the pool, to be divided among the people of Canada and the United States, and this would not make a great deal of difference to the average person who is doing some canning, or to the amount of sugar the average purchaser would get.

What I rose to say was that the sugar beet industry has been bandied around for a long time. The government of the day should make up its mind whether it wants sugar beets to grow in this country, or whether it does not. That is something the government does not seem to be able to do.

Mr. LALONDE: Last night the Minister of Finance promised that he would put on record certain figures respecting tire sales in the district of Mont Laurier. Would he be good enough to do that now, if the figures are not confidential? Then, is it true that the central office of the wartime prices and trade board in Montreal, Quebec or Ottawa establishes a quota on sales of tires in each territorial district? If so, how does that quota operate?

Mr. ILSLEY: I am afraid I cannot explain the operation of the quota very well, because it is established by the rubber controller rather than by the wartime prices and trade board. The rubber controller is an official of the Department of Munitions and Supply.

I would have to take out of the police report the figures for which the hon. member has asked. I do not think I should place on the record the figures showing the sales of half a dozen competing garages. I believe, however, that I might place on record the percentages, so as to bring out the point I made last night.

I said last night that the sales in 1942 by the Laurin garage were sharply up from the previous year, whereas the sales of the other five garages were sharply down. That is correct. The percentages I shall give are only approximate, and they may be slightly misleading because the fiscal years of the various garages are not the same. One would run from April to April, another from November to November; another would be the calendar year and so on. But approximately it would be true to say that sales of tires and tubes of the Laurin garage were double in 1942 what they were in 1941, or that they were 200 per cent of the 1941 figure. The 1942 sales of the Gaston Forget garage were approximately twenty-five per cent of the 1941 sales. It is, however, fair to say that this percentage does not cover quite a twelve-month period. The 1942 sales of the William Grenier garage were approximately thirty per cent of the 1941 sales. The 1942 sales of the Grenier Brothers garage were approximately twenty-five per cent of the 1941 sales. The 1942 sales of the Vanchestein garage were approximately forty per cent of the 1941 sales. The 1942 sales of the Brisebois garage were approximately eighty-five per cent of the 1941 sales.

These figures had to be picked out of a confidential police report and converted into percentages. As I have said, allowances will have to be made for differences in the fiscal years, and in at least one case a period shorter than the fiscal year has been taken. That affects, of course, the validity of the comparison.

Mr. LALONDE: I thank the minister for this information. While we are on the subject of tires, I would point out that in my humble opinion the establishment of a quota for each district may lead to some misunderstanding. In fact, my information is that if a customer comes before the representative of the wartime prices and trade board with an application signed before a friendly garage, the quota is open to him. But if he comes with an application signed before a garage not friendly to the representative, then he is told, "Too bad, my friend; the quota is exhausted." I have received many complaints from my district regarding the handling of tire sales permits. The figures given by the minister this afternoon are an explanation of what has happened in my constituency. I am not surprised to see that the Laurin garage percentage has increased to the extent indicated, because Laurin and the representative of the board at Mont Laurier are very close friends. If the investigators of the wartime prices and trade board wish to make any further investigation, they would do well to see a certain number of persons in my district who would be only too glad to state that when they went to the representative's office with an application signed by a garage other than the Laurin garage they have always been told that this famous quota is exhausted.

I urge the minister to find a means of cutting down this practice which seems to be open to representatives of the calibre of the one at Mont Laurier. I thank the minister just the same for the trouble he has taken, and I would sincerely hope that in the near future he would keep a tight grip on the arrogant bureaucracy now prevailing in the district of Montreal, so far as the wartime prices and trade board is concerned.

Mr. FRASER (Peterborough West): I have here a letter dated June 18, 1943, sent out by a large wholesale clothing company to all its branches. It is as follows:

> There has been a ruling just put into force by the wartime prices and trade board saying that our khaki tropical worsted can be made in air force officers uniforms only. So if you get an army man or a navy man wanting a uniform of the wool tropical do not take the order, as we are not allowed to make them. The government is supplying the cloth, and they are reserving it for the air force only.

Why should the wartime prices and trade board discriminate against the army and the navy? Is it because the air force has such a pull that they can get that kind of goods, while the other armed forces cannot? These are materials for officers' uniforms. Surely there must be some explanation.

Mr. ILSLEY: Is this from a wholesaler?

Mr. FRASER (Peterborough West): It is from a wholesale house to its branches. Officers of the army—I do not know about the navy—are pretty well upset about it and are wondering why a ruling like that should come out from the board.

Mr. ILSLEY: I shall have to get information about that.

Mr. FRASER (Peterborough West): I mentioned the matter when the estimates of the Minister of Munitions and Supply were before us. It is something that should be cleared up at once, because there should be no necessity for these officers to go around in heavy uniforms if they can get the others. There should not be that type of discrimination. Officers of the air force are allowed to have bellows pockets in their uniforms, but the officers of the army or the navy are not allowed these. Uniforms fit better with this type of pocket, especially when an officer is carrying his order book or anything else in his pocket. I think the minister should look into the matter at once.

Last evening the hon. member for Lake Centre (Mr. Diefenbaker) stated that many employees of the wartime prices and trade board were receiving salaries of $4,000 or more. I do not object to their receiving salaries of that kind, although some of these men perhaps were not receiving any salaries in 1939. Many of them were attending university. I should like to cite the case of a sole proprietor who was doing a business of $30,000 or $40,000 a year in 1939 and taking out of the business only something like $2,500. Anything above that was being put back into the business. This man is not allowed to-day to take out any more than the $2,500, even though he has increased his business, which may be an essential one, to $160,000 or $170,000 a year. I believe there is a point where he can take fifteen or twenty per cent, which would bring him up to $3,500 or $3,600. This man is making for the government $15,000 in excess profits tax and $4,000 or more in standard profits tax, but he is kept down to $3,500. He is not allowed to go up to the $5,000 salary limit, but men in the employ of the government, in the wartime prices and trade board, have had their salaries jumped from $6,000 to $10,000.

Mr. ILSLEY: It is not—

Mr. FRASER (Peterborough West): There is one man who had his salary raised from $6,600 to $10,000, and there are others who have had their salaries jumped up, although perhaps not that much.

Mr. ILSLEY: It would be a promotion to a different job.

Mr. FRASER (Peterborough West): It might be a different job, but this sole proprietor of an essential business is doing a different job. In 1939 he may have been working only six hours a day, but to-day with the lack of help he is working eighteen hours a day; he is sales manager, treasurer, cashier and everything else. He is working for this government; he is working for you and for me, and he should be allowed to jump his salary to $5,000 the same as other government men have jumped theirs. If one man is allowed to do it, another man should be allowed to do it.

It is up to the government to see that these sole proprietors are not discriminated against. I know of two or three cases, but I have this one particularly in mind. I have not given the exact figures, but they are pretty close. This man has been held down to $3,600 and, as I said before, he is making for the government $15,000 in excess profits tax and $4,000 in standard profits tax. In 1940 about all the government got was the income tax on his $2,400 salary.

Mr. ILSLEY: This scarcely comes under the resolution. For a while I thought the hon. gentleman was discussing salary control, but apparently he is discussing the administrative practices of the Department of National Revenue.

Mr. FRASER (Peterborough West): That is salary control.

Mr. ILSLEY: Not in the ordinary sense. Just let me make it clear. The sole proprietor is getting no salary because he is employer

and employee in the one person. The only importance of the point at all is for tax purposes—how much will the Department of National Revenue allow him to call salary for taxation purposes? It is not a question of salary for salary control purposes; it is merely a taxation problem, and it would not come under this resolution.

Mr. FRASER (Peterborough West): It comes under the wartime prices and trade board; they are the ones who regulate salaries.

Mr. ILSLEY: They do not have anything to do with salaries; the salary controller does not have anything to do with this kind of thing. It is a matter of what the income tax branch will allow to be called salary for the purpose of computing the taxation of the company. That does not come under wartime prices and trade board; it is a matter for my colleague, the Minister of National Revenue.

Mr. FRASER (Peterborough West): Must your department go to the income tax commissioner when it jumps up a salary from $3,000 to $5,000 or $10,000, or do you just go ahead and do it?

Mr. ILSLEY: The hon. gentleman is not talking about the salary order; he is talking about the relationship between an employer and an employee. The salary in that case would be subject to the provisions of the salary control order. This matter is administered by the commissioner of income tax, who has a board to assist him. I do not want my hon. friend to get the idea that salaries are being jumped in the civil service. Where there are promotions, the appointees take the salaries of the higher positions. I may say that there has been a great deal of criticism, amounting almost to resentment, because of what is alleged to be harsh treatment accorded to the civil service. I would be glad to have my hon. friend's rebuttal on that.

Mr. FRASER (Peterborough West): I said that I did not object to the salaries being paid, but I said that they should all be equal. If you give it to one, you should give it to the other.

Mr. ILSLEY: The same principles are applied.

Mr. SENN: Among other duties, I believe the wartime prices and trade board is charged with the responsibility of making decisions in connection with prices of foodstuffs. I think it was in February when the minister made a statement about the relationship between the wartime prices and trade board and the Department of Agriculture, particularly the agricultural food board which has been set up by that department to deal with questions relating to foodstuffs, food production and distribution. It was apparent from the minister's statement that there has been a certain amount of overlapping and uncertainty, and even open conflict, with regard to the jurisdiction of these boards. The minister stated that there had been a blurring of the lines of responsibility between the wartime prices and trade board and the Department of Agriculture and that there had been detailed consultations between the departments concerned. He stated also that as a result of conferences between the Minister of Agriculture (Mr. Gardiner) and himself, a full understanding of the responsibilities of the two boards had been reached and overlapping had been eliminated. He then gave a detailed statement as to the authority of the two boards. He said that the wartime prices and trade board was charged with (1) responsibility of estimating and defining the over-all domestic needs for food; (2) responsibility for import and distribution of food; (3) final responsibility in all matters of price and final responsibility in all matters of consumer rationing.

The duties of the agricultural food board were defined as follows: (1) responsibility for maintaining and encouraging production; (2) consulting with the wartime prices and trade board as to subsidies and price adjustments; (3) recommendations to council re producer subsidies; (4) the exportation of foodstuffs, and (5) the diversion of foods to the armed forces.

In passing I should like to point out to the committee that these two boards, with a number of other agriculture boards, deal with farm problems; at least, they deal with farm prices. They influence farm income; in fact they practically control the whole economic set-up of agriculture to-day in Canada.

The finance minister stated in February that this division of authority was clear, but I am afraid that overlapping and misunderstanding are bound to continue. Several members of the different agricultural boards have just recently appeared before the committee on agriculture and colonization, where questions were constantly arising which had to do with the functions of the wartime prices and trade board and the relationship of price to production. The reluctance of the members of these agricultural boards to make any statement regarding the activities of the wartime prices and trade board was sufficient evidence, to my mind at least, that misunderstandings still exist and that there is not yet a clear division of authority.

The most important factor to be considered in the encouragement, maintenance and increase of production, which is stated to be the first function of the food board, is necessarily that of price. If prices are not satisfactory, production cannot be maintained, let alone be increased. No one knows better than the Minister of Agriculture that this is so; for, speaking in the house on the demand for greater production of cheese some time ago, the minister instanced how the price of cheese in the winter months of 1941-42 had been raised to stimulate production, and he gave figures to show that when the price was raised, production increased substantially. If price is the main factor, how can the food board and other agricultural boards function properly to maintain and increase production, if price is controlled by another board over which they have no control, and which they can only consult.

I am firmly of the opinion that any control of the price of farm products should be vested in the boards which are responsible for the encouragement of production. The food board and other agricultural boards should be in the best position to deal with matters of price and production. Price and production go together; they cannot be managed by separate authorities. I believe that if price control of farm products had been vested in agricultural boards much dissatisfaction and uncertainty would have been avoided.

No one will deny that the price for farm products should be sufficiently high to cover the cost of efficient production and give a reasonable profit to the producer.

Nor can it be denied that in many lines of farm production the price ceiling as established by the wartime prices and trade board on the finished product has not been high enough to create a proper relationship between the price paid to the farmer for his goods, and that of the goods which he must buy. I have stated on more than one occasion that price control is necessary. We cannot allow inflation to run riot. But I am equally certain that price ceilings on farm products should not be imposed which do not establish parity as between the farmer's prices and those of other products. I therefore reaffirm my belief that one of two courses should have been followed by the wartime prices and trade board. The first one would be that until prices of farm products have risen to the point where there is parity, no price ceiling should be established on foodstuffs which come from the Canadian farm; or, second, ceilings providing parity should have been set up in the first instance. It is true that the Minister of Agriculture early in the session gave certain figures, which appear in *Hansard,* endeavouring to show that parity exists already. His definition of parity, however, is theoretical and academic. It reads as follows:

> Parity price is the price of the commodity which will give a purchasing power with respect to articles the farmer buys equivalent to the purchasing power of such commodity in the base period.

If we assume for a moment that this is a correct definition, it will be readily seen that a base period during which parity existed should be chosen for purposes of comparison. Certainly farmers will not agree that parity existed at the time chosen by the minister, namely, the period between 1926 and 1929. As a matter of fact, the inequalities in prices which existed at that time, and for years before, was one of the chief causes leading to the depression which began in 1929. The fact remains, however, as the minister knows, and certainly as producers know, that farm prices were entirely out of line in the period chosen, September 15 to October 12, 1941, which served as a basis of present ceilings above which prices of foodstuffs are prohibited from going. It is the season when large quantities of farm products are being marketed and when prices are generally lower than the yearly average. Seasonal conditions are largely responsible for these low prices. It is the period when grain has been threshed, when farmer's commitments become due and when taxes must be paid. He must sell to raise money to meet these demands, and he is convinced that his necessity is often exploited by the concerns that process and market his goods.

I feel certain that the price received from exportable surpluses of farm products would in large measure prevent excessive rises in price, because the domestic price is largely governed by the price received for such exportable surpluses. If shortages arise which might tend to boost prices above a reasonable level, rationing as it is being practised by the wartime prices and trade board would finally effectively control such rises.

The question will then be asked if, when prices of farm products rise to a position of parity in Canada, will that increase the cost of living and create dissatisfaction among the consumers in the urban centres? I suggest, Mr. Chairman, that in such cases, instead of providing producer subsidies, which are more or less hand-outs to the Canadian farmer, consumer subsidies should be given, if necessary, to protect the interests of the consumer. We have at the present time one specific

example of consumer subsidies which is working satisfactorily. The farmer is fairly well satisfied with the price he receives for milk destined for fluid consumption. The consumer is protected by a consumer subsidy on milk of two cents a quart, which keeps the price to the consumer at a reasonable level. In my judgment the same method should be applied by these boards to other commodities if we are to encourage production, and if price is to be the deciding factor in so doing.

I do not want to carry on to any great extent, but I should like to say that the same conditions that have applied between the bacon and meat board and the wartime prices and trade board exist also with the dairy industry. Milk is processed into a number of products, all of which are important as food. But on these products arbitrary price ceilings have been imposed, just the same as in other lines of foodstuffs. In the case of dairy products, as in the case of bacon, the price realized for the processed article influences in great measure the amount of production in the different lines of dairy products. Instead of prices of dairy products being allowed to find their own level and thus stimulate and encourage production, a rigid control, often unevenly applied, has been practised. I am not objecting to control, but the unevenness of the control is a matter which, I think, should be criticized, and it has resulted in confusion, rivalry and distrust in the dairy industry. It is comparatively easy for milk producers to change the factory to which they send their milk; in fact, they can change overnight from a cheese factory to a butter factory, or to a condensary. Some discussion was had a short time ago respecting the power of the dairy products board or of the food board to determine the destination of the farmers' milk. To exercise such power, even in a roundabout way or by moral suasion, is, in my judgment, interfering too much with personal liberty.

The whole point of the argument which I have been attempting to make is that price ceilings on food should not have been established at levels lower than are commensurate with the cost of production and at levels lower than those set for other commodities which the farmer has to buy. Great care should be taken to study carefully every implication and every possible result of price fixing and control before making an order. Too often after an order is made, some unforeseen complication follows which, in turn, has to be remedied until the whole system is a patchwork puzzle which confuses and discourages the producer.

Agriculture in Canada is fully aware of the vital need of food production as part of our war effort. It has made almost superhuman efforts to produce to capacity. In this it has been blessed by Providence with favourable weather conditions resulting in bumper crops. It has been, however, and is still handicapped by labour shortages and insufficient cash returns.

I once more urge upon the minister and his colleagues the advisability of placing the price structure of food products where it properly belongs, namely under the control of the Minister of Agriculture and the agricultural boards.

Mr. ILSLEY: I think I should say at once that I believe that would be a great mistake. It is essential in every price control system that the control of all prices be vested in one body, one authority. If the setting of prices on agricultural products were to be removed from the authority of the wartime prices and trade board and transferred to the Department of Agriculture, there would be an equally good reason for removing control of fishery products from the wartime prices and trade board and placing it in the Department of Fisheries, and, as a matter of fact, for removing the prices of products of the mines and the forests and placing it under the jurisdiction of the Department of Mines and Resources. In fact, the only theory on which there should be that spreading around of authority is that it is desirable to put the control of prices in the hands of persons who are directly concerned with production and who traditionally have concerned themselves more intimately with the interests of producers.

That is a very popular theory, and it does not apply only to farmers; it applies to a great many groups in this country who would like to get their prices away from the wartime prices and trade board. I repeat, they would just love to get their prices away from the wartime prices and trade board, because they would hope to be in a little more sympathetic forum when they applied for higher prices. That would be their reason. I am not saying that against them. I am not saying that against the hon. gentleman who is advocating it. He speaks in this house for the farmers and argues the farmers' case on a good many occasions, and that is his right. But the reason I have given is the reason why these groups want to get somewhere else; they would like to get some place where, they think, they would be dealing with individuals who would be less concerned with control and more concerned with higher prices.

We have to take hold of this thing or drop it. We have to be firm, or we have to be vacillating.

I am utterly convinced of the unsoundness of the suggestion made by the hon. member

for Haldimand when he says that we should carve out one set of prices and take that away from the price control authority; because you cannot separate one set of prices from other prices. A great many farm products are used in the production of processed products. Would the price of the processed product be left under the jurisdiction of the wartime prices and trade board when the price of the primary product was placed under the jurisdiction of some other authority? Would the price of competing imports be left under the jurisdiction of the wartime prices and trade board and the price of primary products in Canada be transferred to some other authority? As a matter of fact, if the pace of price control were to be set by various competing authorities, with a central price control authority, the administrative task of the central price control authority would be impossible and they might as well go out of business. That is the reason why I have always urged and argued that there be one price control authority for all prices. I am sure that no other system of price control would work.

With reference to the other point which the hon. gentleman has argued, with regard to parity prices and prices on farm products, I think, if we talked about that, we would talk endlessly. It has been discussed and discussed and discussed in this chamber every time the Minister of Agriculture comes before the house, and I have made some speeches on it from time to time over the last two or three years. It has been repeatedly emphasized by public men in other countries as well as by public men in this country that if you intend to institute price control you have to start some time, you cannot go on partly adjusting before you start. We thought the time had come in the fall of 1941 when we had to start, and, as I said the other day, I am convinced we did the right thing and did it at the right time. We made some adjustments afterwards. We made most of our adjustments by way of subsidies, and the subsidy bill is very substantial indeed. As a matter of fact, the difference between producers' subsidies and consumers' subsidies is not as great as hon. gentlemen seem to think; it is a difference in form rather than in principle. When we pay a subsidy of ten cents a pound on butter we are doing so for the benefit of the consumer, are we not; as much as for the benefit of the producer? The consumer is enabled by the payment of that subsidy to get his butter for thirty-five cents a pound, and the producer is enabled by the payment of that subsidy to get forty-five cents a pound for it. I do not see that there is very much difference in principle, although there is a difference in form, between that and the milk subsidy, which has the effect of enabling the producer to get whatever the price is—say, twelve cents—and the consumer nevertheless to get milk for ten cents a quart.

Mr. GRAYDON: I do not think the minister meant what would appear to be the natural implication of his last statement, namely, that the farmer is getting twelve cents a quart for his milk.

Mr. ILSLEY: Oh, less the distribution charges.

Mr. GRAYDON: I think the minister had better make that clear.

Mr. ILSLEY: Yes; that is less the distribution charges.

Mrs. NIELSEN: The hon. member for Mackenzie a little while ago suggested that the minister might regard himself somewhat as the father of his country. If he does so regard himself, I believe we should bring to his attention one matter which is of great importance in a country like ours. I have had representations from small retail stores selling children's clothing and children's underwear, and also letters from young mothers-to-be on the extreme shortage of yard goods which are needed for babies' layettes and young babies' clothing. I think the minister is familiar with that square garment which constitutes the major portion of a baby's wardrobe in its early years. Really there is an appalling shortage of cotton goods, mostly flannelette. I had word from one store in Vancouver that they were able to sell only five yards of flannelette to every layette. That is positively absurd, and there are hundreds, indeed thousands of young mothers-to-be who are frantic, because they do not know where to get the material they need. The question of price is also important. Twenty-five or thirty-five cents a yard used to be considered a reasonable price for a good quality of flannelette, and at that price it was decent enough for most mothers; but now the price is roughly fifty cents, which makes the cost of the layette for the working mother considerably greater. Even in the white wool for small coaties for very young babies there is an extreme shortage. This is a matter of importance to thousands of young people, and I suggest that the minister might look into this shortage, particularly of yard goods and flannelette, and see to it that an adequate amount is allowed. I am informed by one retail store in Vancouver that 230,000

yards of flannelette is being released this year, but that is totally inadequate to provide for the number of layettes expected.

Mr. ILSLEY: There has been an increasing demand for flannelette, and the board is fully conscious of the present situation and has taken steps to limit the use of flannelette for certain purposes and to order the production of greater quantities. It is a problem with which the board is quite familiar and on which it is working.

Mrs. NIELSEN: What about the price? Does that necessarily have to be greater, or will they keep the price down? At present it is fifty cents and that is exorbitant.

Mr. ILSLEY: Has it increased?

Mrs. NIELSEN: It must have, because twenty-five or thirty cents a yard was all I paid a few years ago.

Mr. ILSLEY: I should be surprised if the price has been increased over the base period. This is a very good illustration of conversations that very often take place. Persons say quite conscientiously that they are sure the price ceiling has been pierced, that the price of this or that commodity has gone up, and when investigation is made it is found that the price is the same as it was during the base period, although it is considerably higher than it was some time prior to that period. I have had the same feeling myself about articles that I have bought; I have thought that the price must have gone up. On looking into the matter, however, I have found that I was paying the price that prevailed in the period between September 15 and October 11, 1941. I do not think there has been any exception in the case of flannelette but I will look into the matter. The officials tell me that there has been no exception of that kind. We have tabled documents showing the exceptions and the adjustments made, and that is not one of them. I do not think it is proper to bring down the price, if it is no higher than it was during the base period.

Mr. WRIGHT: May I refer to a question raised by the hon. member for Haldimand. There are one or two questions I would ask with respect to it. What is the basis of determining the subsidies paid on various agricultural products? Observing these subsidies, it has been difficult for me to find out any basis on which they are paid. It seems to me that the basis has been simply that when a certain product became scarce the department gave a subsidy to secure greater production, and there does not appear to be any basis, or equal basis, for different products, on which the subsidy is calculated. If that is the principle on which the subsidies are paid, then the only way in which agriculture can get a fair price for its products is to have a shortage, and when the shortage becomes apparent the subsidy is immediately paid. That appears to be a poor method by which to get extra production. We are going to be scarce of a good many agricultural products this year. From evidence we have had before the committee on agriculture it is doubtful whether we shall be able to supply the amount required by the British government this year in any agricultural product with the exception of wheat. Certainly in dried potatoes, vegetables, dried eggs and cheese, the situation is doubtful. I doubt whether we shall obtain the production that they require without further seriously curtailing the amount for home consumption in Canada. Price is a determining factor in the amount of agricultural commodities produced. Take eggs. Last winter they dropped nineteen cents a dozen in the month of January, and immediately there was a serious curtailment in the production. While these conditions prevail, unless agriculture is guaranteed a market in which the farmers know they will get a certain price for their products, the production required will not be obtained.

As regards transferring authority for the payment of these subsidies from the wartime prices and trade board to the Department of Agriculture, I certainly think agriculture would get more favourable treatment from the Department of Agriculture than from the board. That does not necessarily mean that the price ceiling would be pierced. You can pierce the ceiling in two different ways, by making articles scarce and by creating a black market, or by the other method. The policy being followed by the wartime prices board is one that is creating a scarcity of agricultural products, and I suggest, therefore, that the basis on which the subsidies are paid should be the cost of production. I have argued this point with the minister before, and he says it is impossible to ascertain the cost of production of agricultural products because every farm is different. They find the cost of production of war goods and pay different prices to different factories on the same goods. I maintain that the cost of production of agricultural products can be ascertained, not necessarily on every farm, but a fair base price could be ascertained and the subsidies could be paid on that basis instead of by the haphazard method by which they are now paid.

Will the minister explain the basis on which the subsidies are paid on different agricultural products and the reason for it? Will he tell us by what method they ascertain the amount paid on any particular product?

Mr. ILSLEY: The recommendations for subsidies have come from the Department of Agriculture since the arrangement which I announced on February 9, 1943, and I do not think I could presume to speak for the Minister of Agriculture or the Department of Agriculture. They make the recommendations to council after consultation with the wartime prices board. They must consult the board, because there are questions of price over which the board has jurisdiction and which have to be discussed, and the subsidies have to be adjusted accordingly. They have to know the background of present operations and plans for the future with respect to price. When the wartime prices and trade board was itself paying agricultural subsidies, it may be true that they were largely concerned with the question of production. That was their function. As I explained the other night, the wartime prices and trade board is concerned with two things; one is the control of prices, and the other is the obtaining of supplies. I presume those would be the guiding considerations in the determination of subsidies. Whether or not the Department of Agriculture works on precisely those principles, I do not know; I presume they try to take a common-sense view of the situation and provide a price which they would describe as fair. Personally I do not know what a fair price is. I know when one is very unfair, and I think I know when one is obviously fair, but I could not put in precise words the determining factors that would lead me to a decision in that regard.

I have argued with the hon. gentleman previously as to the cost of production. I have always thought that in connection with any farm products about which I know anything the cost of production varies from farm to farm, from district to district, and from year to year. It depends upon the weather; it depends upon the efficiency of the operator of the farm; it depends upon so many factors that it is impossible to ascertain except on a very broad average and for a very limited district. I should think that would be true about the cost of production.

Mr. WRIGHT: The minister stated that the Department of Agriculture made recommendations to the wartime prices and trade board with respect to subsidies. Are these recommendations accepted? That is the point in which I am interested.

Mr. ILSLEY: That is not quite correct. The precise position is that the Minister of Agriculture consults with the wartime prices and trade board and then makes such recommendations to council as he thinks fit with respect to subsidies to primary producers. Whether or not council accepts his recommendations depends, of course, upon the view they take of the matter at the time. They have to give consideration to all the factors involved.

Mr. WRIGHT: Then are we to take it for granted that the Department of Agriculture is responsible for prices?

Mr. ILSLEY: No; prices are wholly under the control of the wartime prices and trade board; that is, the prices that may be charged for the goods in the market; but the payment of subsidies, which is separate from prices, is a matter for council, and the recommendation to council comes from the Minister of Agriculture after the matter has been discussed with the price-fixing authority by the officials of the Department of Agriculture.

Mr. MacNICOL: Has the wartime prices and trade board anything to do with the regulations of the prices of articles made from magnesium, zinc, rubber, beryllium, titanium, plastics and so forth?

Mr. ILSLEY: Yes; it has everything to do with the prices if they are civilian goods.

Mr. MacNICOL: But not military goods?

Mr. ILSLEY: The price ceiling does not apply to purchases by the Department of Munitions and Supply. They have the right by law to pay more than the maximum price and have done so on occasion when they found it necessary in order to get what they had to get. But more and more they are complying with the ceilings and working very closely with the wartime prices and trade board, giving the board every opportunity to get them the goods at or below the ceiling.

Mr. MacNICOL: I know it is important to get the munitions, but on the other hand a great deal of important material came out before the United States senate committee dealing with patents and so on which indicated that prices were being enhanced through the control of patents, the restriction of production and the control of materials through cartels and so forth. As a result, the assistant attorney general of the United States, Thurman

W. Arnold, appeared before that committee and asked for specific legislation to prevent the United States from being compelled to pay enhanced prices through restrictions on patents and so on. On July 31, 1942, he asked that legislation be passed to prevent—

> . . . the use of patents as an instrument to suppress competition, restrict production or destroy independent business on a scale that substantially interferes with the distribution of any commodity.

And which results in the enhancing of prices. I have been wondering what we have in this country. We do not have a committee set up to go into these matters, as they have in the United States Senate, nor I suppose, have we officials such as they have in that country to control these prices, unless the wartime prices and trade board exercises such control. The minister says it does not have that control in relation to goods supplied for military purposes. It is well known that aviation gasoline, rubber, beryllium, titanium, magnesium, zinc and so on are all under the control of patents and cartels, most of them international in scope. Is Canada being protected now, as the United States is, against the payment of enhanced prices for such articles even if they are required for military purposes? I agree that the main purpose is to get the materials; that is all-important; but on the other hand there should be some control in regard to prices, even where materials are purchased for war purposes.

Mr. ILSLEY: I can only repeat what I said, that whether they are cartelized or not, no matter how they are handled or by whom, when they are sold to a civilian purchaser they must comply with the price ceiling. It is well known that this price ceiling runs through hundreds of thousands of different articles, and that they cannot go beyond it. That does not apply, as I said before, to sales made to the Department of Munitions and Supply. As a matter of practice, I think they do buy at or below ceiling prices in nearly all cases. They have their controllers, their buyers, their organizations; they do not pay any more than they have to, but for the reasons I gave the other night and again to-day they are exempted by law from the operation of the ceilings.

Mr. MacNICOL: In connection with magnesium metal they are paying a very much higher price than that given to the house a year ago by the Minister of Munitions and Supply as the price at which magnesium metal would likely be made in this country. Who controls the selling price of magnesium metal made for the Department of Munitions and Supply? Do the producers set any prices they wish? I am quoting from memory and I may be wrong, but I believe the price I mentioned in this house recently was forty cents a pound, or a cent or two one way or the other. That is a very high price for magnesium metal, which was offered to the government by another company at a very much lower price.

Mr. ILSLEY: The price is set by the Department of Munitions and Supply, for reasons which appear good to them.

Mr. MacNICOL: Then there is no control over what is paid by the Department of Munitions and Supply?

Mr. ILSLEY: Not under this legislation. It is controlled by order in council; that is, the contracts are approved by order in council.

Mr. GRAYDON: There is not any control, as we understand it, under this legislation.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ILSLEY: During last night's sitting of the committee, the hon. members for Winnipeg North Centre and Vancouver East dealt at some length with the official cost of living index prepared by the dominion bureau of statistics, suggesting that it did not provide an accurate measure of recent changes in costs of living in Canada. I pointed out during the course of discussion that the wartime prices and trade board has nothing whatever to do with the preparation of the index, either directly or indirectly, and that it is based on an independent and scientific analysis by competent statisticians in the bureau of statistics which is responsible to my colleague the Minister of Trade and Commerce.

In view of the importance of the index to the government's whole wage and price stabilization policy, I have come to the conclusion, however, that I should not leave these criticisms unanswered. I am afraid that if I do so, hesitation may be interpreted as an admission that there was some validity in the criticisms. This would be most unfortunate and I want to make it perfectly clear that the government as a whole realizes the importance of the index to all those Canadians whose cost-of-living bonus is determined by it and is very much concerned to see that the index is sound and accurate and has the confidence of the public at large.

For this reason I intend giving a fairly comprehensive statement dealing with the preparation of the index. Again may I repeat that the preparation of the index has nothing to do with the wartime prices and trade board or the Minister of Finance. In effect the committee may consider that in dealing with the index

I am speaking on behalf of my colleague the Minister of Trade and Commerce who is unavoidably absent to-day.

First, with the consent of the committee I wish to place on *Hansard* a copy of a recent bulletin prepared by the bureau of statistics which deals with the technique employed in preparing the cost of living index and which includes a list of the items in the index. Have I that consent? This contains many figures, and it would take a long time to read it.

The CHAIRMAN: If it is acceptable to the committee, it can be placed on *Hansard,* by unanimous consent.

Mr. GRAYDON: There was a similar occasion when a matter of this kind arose in the house not long ago. On that occasion the parliamentary assistant to the Minister of National Defence for Air was placing on *Hansard* the answers to some questions. At that time I was quite agreeable that he should do so, in order that the time of the house might not be consumed unnecessarily in the presentation of those answers. It was pointed out at that time however, and it should be pointed out again, that if this is placed upon *Hansard* it constitutes a departure from fairly well established rules.

Mr. MACKENZIE (Vancouver Centre): It can be done only with unanimous consent.

Mr. GRAYDON: I realize that. But in addition to what the hon. member has said with respect to unanimous consent, may I point out that I am anxious to preserve all the formalities which this house jealously maintains and guards. In view of the present stage of the session, if this statement contains many figures and statistical information I believe we might make an exception. But if it is a statement, in the general sense of the term, supplementary to the statement the minister is now making, then I would be definitely opposed to allowing it to go on *Hansard,* from the point of view of precedent alone.

Mr. ILSLEY: So that there may be no misunderstanding, may I say that this is partly a statement and partly figures. If there is any objection, of course I shall have to read it. It would become part of my speech.

Mr. GRAYDON: I will not object to it. I believe we have protected our position as members of the House of Commons by raising the objection which has been raised. It is distinctly understood that this shall not constitute a precedent in any shape or form?

Mr. ILSLEY: Yes.

[Mr. Ilsley.]

Mr. KNOWLES: How long would it take to read it?

Mr. ILSLEY: Quite a while. I am making a statement supplementary to it. I take this trouble, because this is a very important matter, and there is wide public interest in it. The bulletin prepared by the bureau of statistics, which I shall now place on *Hansard* deals with the technique employed in preparing the cost-of-living index, and includes a list of the items in the index. It is as follows:

Appendix

Prices and Price Indexes, February, 1943

Revised explanation and description of the dominion bureau of statistics cost of living index.

Introductory Note:

This memorandum describing the official cost of living index replaces the original statement, the supply of which has been exhausted. The present memo gives more attention to interpretation, and notes several minor adjustments in weights which have been made in accordance with the bureau's practice of keeping the index in line with major changes in consumption.

Purpose:

The dominion bureau of statistics cost of living index measures the influence of changes in retail prices of commodities and services upon the cost of a representative urban wage-earner family budget. The index is specified by order in council P.C. 5963 as the basis for cost of living bonus adjustments authorized under the terms of this order.

Interpretation:

It should be clearly understood that the index is a measurement of price change. Many people use the term "living costs" to indicate the total cost of things they buy. Used in this sense, "living costs" may include different things from month to month and year to year, and likewise different amounts and qualities of the same things. A cost of living index based upon this idea would simply reflect the value of total purchases made by everyone. In normal times it would move closely in line with estimates of national income. The bureau's index is based upon a quite different idea. It measures changes in the cost of a family budget which includes the same amounts of the same commodities and services for considerable periods of time; it is revised only to take account of important "long-run" changes in consumption. It is, therefore, essentially an index which measures changes in prices.

Each index is a percentage which shows the relationship between the dollar value of the index budget for a specified period, and the corresponding dollar value of the same budget in a reference period. The bureau's standard reference period includes the five years 1935-1939. The average value of the index budget for this period is represented by 100·0. The value of the same budget in August, 1939, was 100·8 per cent of the reference budget, and the corresponding value for December, 1942, was 118·8 per cent. These figures become the cost of living index numbers for August, 1939, and December, 1942.

Because August, 1939, the last pre-war month, provides the basis for cost of living bonus adjustments, it is frequently used as a reference period. The procedure in this case is essentially the same as that described above. The value of the index budget in August, 1939, is considered as 100·0, and budget values for other months are computed as percentages of the August, 1939, value. The December, 1942, index then becomes 117·9. Indexes related to the August, 1939, budget value have become widely known as the "adjusted" indexes. They may be computed by dividing the original August, 1939, index of 100·8 into the comparable index for any other period, e.g., the December, 1942, index of 118·8 divided by 100·8 gives 117·9.

The Index Budget:

A complete list of items in the cost of living budget, together with percentages indicating the relative importance of individual items and groups of items is listed below. The basis upon which this list was selected has been described in detail in an earlier release, "Living Costs in Canada, 1940". The index budget represents annual purchases reported by a group of 1,439 typical wage-earner families in the following cities: Charlottetown, Halifax, Saint John, Quebec, Montreal, Ottawa, Toronto, London, Winnipeg, Saskatoon, Edmonton and Vancouver. These expenditures covered the year ending September, 1938.

The survey families averaged 4·6 persons and the majority had two or three children. Family earnings in many cases were supplemented by minor sources of income; total incomes for these families were heavily concentrated between $1,200 and $1,600. They ranged, however, from as low as $600 up to about $2,800 per annum. There were approximately two tenant families to every one home-owning family, and about one family in three operated a motor car. The general distribution of living expenditures for these families which represented all the principal racial groups in Canada was as follows:

Urban Wage-Earner Family Annual Living Expenditures
(Year ending September 30, 1938)

Budget Group	Expenditure Averages		Percentage Distribution	
Food	$ 443·0		31·3	
Shelter	269·5		19·1	
Fuel and light	90·5		6·4	
Clothing	165·8		11·7	
Home furnishings	125·7		8·9	
Miscellaneous	319·4		22·6	
Health		60·8		4·3
Personal care		23·9		1·7
Transportation		79·3		5·6
Recreation		82·1		5·8
Life insurance		73·3		5·2
Total	$1,413·9*		100·0	

* Directly represented in the index. Other miscellaneous outlay brought the total family living expenditure to $1,453·8.

Minor changes were made in the index budget in January, 1943, to take account of war-time changes in consumption and adjustments were made in such a way that the index continues to reflect price changes only. The revised budget measures percentage changes in prices from January, 1943, forward, but does not show increases or decreases reflecting weight differences. In other words, the value of the January, 1943, adjusted budget is exactly the same as the value of the budget it replaces.

The following items have been removed from the revised budget: coke, automobile tires and tubes, steel frying pans and bananas. These are all items which are not available in quantity to the general public. Downward weighting adjustments have been made for tea, sugar and motor operating costs. Weight removed from motor operating costs has been transferred to the recreation sub-group, since the reduction in motor operating costs represents mainly a reduction in recreational driving. The weights of deleted food items and reductions for tea and sugar have been prorated among other items in the food index. No change has been made in weights for coffee and butter. The present weight for butter provides a weekly per capita allowance of only 0·1 pound per week above the ration allowance, and the change involved in coffee would be even smaller. Such changes are not of sufficient importance to warrant weight adjustments. The steel frying pan weight has been added to the weight for cast-iron frying pans. The question of weight adjustments is under constant consideration and other changes may be made and announced from time to time to keep the index budget in line with changing consumption.

Commencing July, 1942, a change was made in the treatment of taxes on cigarettes and tobacco. Prior to that time changes in all indirect taxes affecting consumer prices had been reflected in the index. By order in council P.C. 6219 as amended, the tax imposed on June 24, 1942, on cigarettes and tobacco was excluded from indexes calculated for the purpose of reckoning cost of living bonuses.

The bureau continues to publish in the monthly bulletin "Prices and Price Indexes", a cost of living index which reflects all indirect taxation.

Comments on Group Index Numbers

The index budget is divided into six expenditure groups for which separate indexes are calculated: these are foods, fuel and light, rent, clothing, home furnishings and services, and miscellaneous items. Each group contains a list of items sufficiently large to make it representative of the merchandise field covered. It would be possible to add many more minor items without affecting the movements of the composite cost of living index by any significant amount. These additions would lengthen the time required to calculate the index and impose a greater burden upon firms making price reports, without making a corresponding improvement in the accuracy of the index. In many cases, accuracy might be reduced as comparisons on a quality, or specific quantity basis are not possible over a long period. This would be true of style merchandise such as women's hats, and also for fresh vegetables, which are frequently sold in bunches. The cost of all these omitted items is included in group weights, which represent all expenditures falling within the six groups noted above. The base period food weight of 31 per cent, for example, was reckoned from total food costs reported by survey families, although the food index includes only 45 items which represent about 75 per cent of a representative family's food expenditure.

Foods: Prices used in calculating food indexes are collected on the first business day of each month from approximately 1,600 stores including independent and chain grocers and butchers. Quotations for each of the 45 budget items are averaged and then multiplied by the budget quantity for each individual item to find the cost for that item. These individual cost figures are added together to find the total cost of the food budget; this figure is then expressed as a percentage of the corresponding reference period cost to find the food index.

Fuel and Light: From January, 1943, the fuel and light index has been based upon changes in prices for coal and domestic rates for electricity and gas. Coke prices formerly were included for Quebec and Ontario cities. Separate indexes are calculated for coal, gas and electricity. The two last mentioned are reckoned from monthly bills for quantities which are typical of consumption in the cities represented. The bill for each city is weighted by the number of domestic consumers in order to calculate dominion indexes. The coal index also takes account of typical amounts consumed in different areas and of the population of each city represented in the index. Price changes for coal are related to kinds most used in each area.

Rents: There are two tenant wage-earner families for every home-owning wage-earner family in Canada, and the cost of living index is calculated on the assumption that housing costs generally are reflected in rental trends. Rental surveys are made by the bureau at the May and October leasing periods. Rental agents are asked to report upon the current position of rents relative to those at the preceding lease date, as indicated by their list of rental properties. In the workmen's group of dwellings, upon which the rental index is based, records are collected for houses, flats and apartments. Before reporting blanks are sent out, rent data and property descriptions reported by each agent for the last period are copied onto the new schedule in order to maintain continuity from period to period. The calculation of the rent index is similar to that for the fuel and light series, with two sub-group indexes being reckoned first for houses, and flats and apartments. Very complete weighting data have been used, recognizing the different numbers of each type of dwelling in various centres. Approximately 200 reports from 61 cities are used in making rental indexes.

Clothing: The clothing index has been based upon a carefully selected list of men's and women's apparel. It includes no children's clothing, and omits some items of adult clothing which are of considerable importance, such as women's dresses for afternoon and evening wear, women's hats, men's hats and gloves. Unusual difficulties in maintaining continuous price series on the same quality of goods occur in clothing due to style and seasonal changes which must be excluded from price comparisons based upon quality. The items in the clothing index have been selected to represent the basic materials entering into clothing in approximately the same proportions as they would be found in a complete clothing budget. Some of the items chosen to represent basic materials form a comparatively small portion of a complete budget, but are useful in measuring clothing price trends because of their standard construction. Women's woollen hose afford an example of such items. The index contains 31 items of clothing, piece goods and footwear, and price series for these have been examined individually over a period of years to test their reliability. Most apparel is composed of five basic materials, cotton, wool, artificial silk, leather, and rubber. The bureau has reduced its clothing list on the assumption that 31 accurate price series will measure the trend of clothing prices better than a large list including items which fluctuate widely in price due to style and seasonal factors. Department stores are the source of bureau clothing prices. These distributors handle approximately one-third of the dominion's clothing trade, and make monthly price returns to the bureau, especially designed for the cost of living index.

Homefurnishings and Services: The homefurnishings and services index is a composite of eight sub-groups, including two sets of service costs in addition to actual furnishings. The eight sub-groups are: furniture, floor coverings, textile furnishings, hardware, dishes and glassware, cleaning supplies, laundry and telephone. The complete group accounted for 9 per cent of the base period index budget cost, placing it next to clothing in importance. It approximates clothing also in many details of construction. The data for furniture, floor coverings, textile furnishings, hardware, dishes and glassware are obtained from department stores and the same principle of the representation of basic materials by a comparatively small number of items is used. There are 7 items of furniture, 3 of floor coverings, 4 of textile furnishings, 4 of hardware, 2 of dishes and glassware, 4 of cleaning supplies, 3 laundry rates and one type of telephone service.

Miscellaneous: Five sub-groups, health maintenance, personal care, transportation, recreation and life insurance comprise the miscellaneous index. This list does not exhaust all remaining family living expenditures, but most of those which are left such as church contributions, the support of dependents, bank savings, etc., cannot be treated in the same way as items which are bought and sold. The index takes no account of these items which amounted to only

3 per cent of average wage-earner family living expenditures reported in the bureau's 1938 survey.

The health section is based upon prices for 6 items of household medical supplies, 2 kinds of hospital service, 3 types of doctors' fees, and rates for 6 types of dental service. In view of the stability of fees for doctors, dentists and hospitals, these records are collected only at annual intervals, while medical supplies are priced quarterly. Records for practically all miscellaneous sub-indexes are collected from 23 of the larger cities, chosen to give adequate regional representation.

Personal care costs are represented by 7 items of toilet requirements plus fees for men's haircuts and shaves.

Three kinds of transportation are represented in the transportation sub-group: motor car, street car and railway. The two latter present no special problems, but motor car operating costs are more difficult to measure. The bureau's record is based upon service station prices of gasoline, licence fees, and wage rates for garage mechanics. It is assumed that depreciation is 37 per cent of operating costs, and that for car owners as a group it remains constant from year to year.

The recreation section includes records of motion picture theatre admissions, and newspaper, magazine and tobacco costs.

The life insurance index is based upon premiums for ordinary non-participating life policies, since these appear to give the closest possible approximation to the cost of pure risk. Averages of premiums for ages 20, 35 and 50 years have been used covering the records of 11 large companies.

The Cost of Living Index Weighting System

There are two stages in the calculation of each of the six principal group indexes from which the composite number is calculated. In the first stage, the general procedure is to multiply current price averages by budget quantities. These products are added together and the resultant aggregate divided by a corresponding base period aggregate. The resultant number is multiplied by 100·0 to secure a sub-group index for the current period. This index is then multiplied by a sub-group weight indicative of the cost of goods in this sub-group relative to all goods in the group. When all sub-groups have been weighted similarly, the group index is found by adding up this second set of products and dividing by 100·0. This routine is repeated to secure the final composite cost of living index. The second and third stages of weighting are made necessary by the fact that it is not feasible to include all items in the family budget.

The complete list of items and weights is shown following:

Weighting System of the Dominion Bureau of Statistics Cost of Living Index

	Commodity weights (weekly quantities)	Cost of food items as a percentage of total food budget January, 1943	Sub-group weight	Group weight 31
A. Food				
1. Chain stores			1	
2. Independent stores			2	
Dairy Products				
Milk	10·5 qts.	12·3		
Butter	2·8 lbs.	12·2		
Cheese	0·4 "	1·5		
Eggs	1·4 doz.	7·9		
Meats and Fish				
Sirloin steak	0·5 lbs.	2·1		
Round steak	0·9 "	3·7		
Rolled rib roast	0·7 "	2·8		
Blade roast	1·1 "	3·1		
Stewing beef	1·0 "	2·6		
Veal	1·0 "	3·0		
Lamb	0·3 "	1·2		
Pork, fresh loins	1·5 "	5·9		
Pork, fresh shoulder	1·0 "	3·0		
Bacon	0·7 "	3·6		
Canned salmon, lb. tin	0·2 tins	0·5		
Finnan haddies	0·1 lbs.	0·3		
Vegetable shortening	0·8 "	1·7		
Lard	0·2 "	0·4		
Cereals				
Bread	12·1 lbs.	8·8		
Flour	2·9 "	1·3		
Rice	0·3	0·4		
Rolled oats	0·5	0·3		
Corn flakes, 8-oz. pkg.	1·3 pkgs.	1·3		
Dry groceries				
Granulated sugar	3·0 lbs.	2·9		
Yellow sugar	0·5 "	0·5		
Tea	0·2 "	1·7		
Coffee	0·2 "	1·0		
Cocoa, ½-lb. tin	0·2 tins	0·4		
Salt	0·5 lbs.	0·2		
Vegetables				
Beans	0·2 lbs.	0·1		
Onions	0·8 "	0·4		

Weighting System of the Dominion Bureau of Statistics Cost of Living Index—*Con.*

	Commodity weights (weekly quantities)	Cost of food items as a percentage of total food budget January, 1943	Sub-group weight	Group weight
A. Food—*Con.*				
Vegetables—*Con.*				
Potatoes	0·8 pecks	3·7		
Canned tomatoes, 2½'s	0·6 tins	0·9		
Canned peas, 20 oz.	0·6 "	0·9		
Canned corn, 20 oz.	0·3 "	0·5		
Canned beans, 16 oz.	0·5 "	0·5		
Fruits				
Raisins	0·2 lbs.	0·3		
Currants	0·1 "	0·2		
Prunes	0·1 "	0·1		
Strawberry jam	0·6 "	1·2		
Marmalade	0·1 "	0·2		
Canned peaches, 20 oz.	0·1 tins	0·2		
Corn syrup, 3½-lb. jar	0·03 jars	0·7		
Lemons	0·1 doz.	0·5		
Oranges	0·7 "	3·0		
B. Rentals				19
Houses			70	
Apartments and flats			30	
C. Fuel and Light				6
Coal			53	
Gas			14	
Electricity			33	

	Commodity weights (annual replacement allowances)	Cost of clothing items as a percentage of total clothing budget January, 1943	Sub-group weight	Group weight
D. Clothing				12
Men's Wear			41	
Top coats	0·4	7·6		
Suits	0·8	16·6		
Sweaters	0·4	1·3		
Overalls	1·0 pair	1·3		
Socks	9·0 pairs	4·6		
Underwear, athletic	1·5 sets	1·0		
Balbriggan combinations	1·0 set	0·7		
Underwear, winter	1·0 "	2·1		
Pyjamas	1·0 pair	1·7		
Shirts, work	1·0	0·8		
Shirts, broadcloth	2·5	3·3		
Women's Wear			36	
Top coats	0·5	12·1		
House dress	1·5	3·4		
Slips, rayon	2·5	2·5		
Hosiery, rayon	10·0 pairs	7·2		
Hosiery, woollen	3·0 "	3·1		
Vests, rayon	1·0	0·7		
Bloomers, rayon	4·0	2·9		
Bloomers, wool	1·0	1·0		
Nightgown, cotton	0·7	0·7		
Nightgown, rayon	1·6	2·0		
Smock	0·2	0·4		
Piece Goods			4	
Cotton dress print	3·0 yards	1·4		
Wool	0·3 "	0·6		
Flannel	0·2 "	0·3		
Celanese or rayon material	0·7 "	1·1		
Flannelette	2·0 "	0·6		
Footwear			19	
Men's work boots	2·0 pairs	5·2		
Men's oxfords	0·7 "	3·7		
Men's rubbers	3·5 "	2·3		
Women's shoes	2·0 "	7·8		

Weighting System of the Dominion Bureau of Statistics Cost of Living Index—*Con.*

	Commodity weights (annual replacement allowances)	Cost of homefurnishings items as a percentage of homefurnishings and services sub-group budgets January, 1943	Sub-group weight	Group weight
E. Homefurnishings and Services				9
Furniture			33	
Dining-room suite, 9 pc.	0·06 sets	12·0		
Bedroom suite, 4 or 5 pc.	0·06 "	10·9		
Kitchen table	0·08	0·7		
Kitchen chairs	0·20	0·4		
Studio couch	0·08	5·5		
Bed springs	0·05	0·6		
Mattress	0·16	2·9		
Floor Coverings			9	
Axminster rug, 9′ x 12′	0·04	4·6		
Congoleum rug, 9′ x 12′	0·15	1·9		
Linoleum (square yards)	1·70	2·5		
Furnishings			15	
Sheets, 81″ x 100″	1·0	3·5		
Towels, cotton terry, 22″ x 44″	3·0	4·5		
Blankets, all wool, 6-8 lbs. 72″x90″	0·5	6·6		
Table oil cloth	0·4 yards	0·4		
Hardware			3	
Frying pan, iron	0·3	0·4		
Saucepan, enamel, 2½ or 3 qts.	0·5	0·5		
Garbage can, galvanized	0·25	0·8		
Kitchen broom	1·0	1·3		
Dishes and glassware			2	
Set of dishes	0·1	1·6		
Glass tumblers	2·0	0·4		
Cleaning Supplies			17	
Laundry soap	24 bars	2·5		
Soap flakes	24 packages	12·1		
Abrasive cleansers	9 cartons	1·9		
Chloride of lime	2 packages	0·5		
Laundry			6	
Sheets (Geometric average)		2·0		
Towels (Geometric average)		2·0		
Men's shirts (Geometric average)		2·0		
Telephones			15	

	Commodity weights (Annual replacement allowances)	Cost of medicine items as a percentage of medicine budget	Per cent	Sub-group weight	Group weight
F. Miscellaneous Items					23
1. Health				17	
(a) Medicines			23		
Aspirin tablets, box of 12	1·3	15·1			
Epsom salts, 1 lb.	0·7	4·1			
Boracic acid, 2 ozs.	0·3	1·6			
Tincture of iodine, 1 oz.	0·7	7·4			
Zinc ointment, 1 oz.	4·7	5·2			
Cod liver oil, large bottle	1·3	6·6			
	Commodity weights				
(b) Hospital charges			17		
Semi-private room	1				
Public ward bed	1				

Weighting System of the Dominion Bureau of Statistics Cost of Living Index—*Con.*

F. Miscellaneous Items—*Con.*	Commodity weights	Cost of medicine items as a percentage of medicine budget	Per cent	Sub-group weight	Group weight
(c) Doctors' fees			42		
Office consultation Ordinary day visit Ordinary confinement	Geometric average				
(d) Dentists' fees			18		
Amalgam filling Porcelain filling Gold filling Upper and lower dentures Ordinary extraction Prophylaxis	Geometric average				

	(Annual replacement allowances)	Cost of individual items as a percentage of personal cleaning supplies budget			
2. Personal Care				9	
(a) Personal cleaning supplies			58		
Talcum powder, tins	1·3	2·3			
Tooth paste, tubes	21·7	37·6			
Tooth brushes	8·7	13·6			
Shaving sticks	2·2	3·7			
Toilet soap, bars	52·2	23·6			
Vaseline, jars	1·3	1·0			
Razor blades, packages of 5	13·1	18·2			
(b) Barbers' fees			42		
Haircut (men's)	5				
Shave	2				
3. Transportation				21	
	(Percentages)				
(a) Motor operating costs			49		
Gasoline	44				
Repairs and maintenance	10				
Licences	9				
Depreciation	37				
(b) Rail fares		5			
(c) Street car fares		46			
4. Recreation			31		
(a) Theatre admissions		23			
(b) Newspaper costs		22			
(c) Magazine costs		4			
(d) Tobacco costs		51			
Cigars Cigarettes Cut tobacco	Geometric average				
5. Life Insurance			22		

For the expert statistician this is perhaps sufficient, but I feel that the committee would appreciate some general comments of a less technical nature which may help to explain just how the index is prepared and what it means. These are based in the main on information supplied by the bureau of statistics.

The index is a measure of the month to month changes in the cost of living of the average Canadian wage-earner's family. In 1937 and 1938 the bureau made a study of the living expenses of nearly 1,500 Canadian families. These families were specially picked as typical wage-earning families; each consisted of a husband and wife and one child or more. The average number of people in the family was 4·6, and the average family income was $1,453 a year. Officials from the bureau asked these families to keep a careful record of their expenditures during the twelve months from October, 1937, to September, 1938. It was on the basis of these records that the bureau knew how much importance to give to the various kinds of food, clothing, recreation and all other things that come into the family budget. They divided the cost of living up into the six main groups and found that they occupied the following proportions of the average living expenses of the families that were surveyed: food 31 per cent, fuel and light 6 per cent, housing 19 per cent, clothing 12 per cent, home furnishings and services 9 per cent, miscellaneous items 23 per cent.

It has been argued that conditions have changed a good deal since that budget was prepared in 1937 and 1938. There are some goods that cannot be bought to-day, and the purchase of other goods is limited by rationing. I want to make it clear that the bureau takes such changes as these into account. For example, automobile tires and tubes, steel frying pans, and bananas have been removed from the index since they are no longer regularly available. The weighting given to tea, sugar and motor operating costs has been reduced on account of rationing. Some changes in buying habits are so small as to have a negligible effect on the index, and in such cases, of course, there is no point in making adjustment. I should also point out that when the bureau takes an item from the index, that does not mean that the total living expenditures have been reduced. The amount of money that was formerly spent on these articles is regarded as being distributed among other items in the index.

It is important to realize that the index aims to record a fixed standard of living. During the war, and particularly during its early years, many families increased their family income, and as a result have bought better clothes, more expensive food, et cetera. The index does not and should not record higher living expenses due to better living. If it did it would indicate not a higher cost of living but a higher standard of living.

Now, let me revert for a moment to one of the most frequently expressed criticisms of the index. Many people want to know how it can possibly be maintained that the cost of living has only gone up 17 per cent during the war in view of the rise which has taken place in foods. They point to stewing beef which has risen by 78 per cent, lard which has risen by 73 per cent, round steak which has risen by 66 per cent during the war, and so on.

It is perfectly true that those particular foods have risen by that amount, but the committee should remember that they represent only a small part of the cost of living. All foods put together represent less than a third of the cost of living index, and while some foods have risen substantially, other foods such as bread, sugar, et cetera, have remained steady, and milk has actually declined in price. These are important foods, and occupy a much larger part in the weekly family budget than many of those foods which have risen in price.

Foods in the cost of living index have risen by 31·8 per cent since the beginning of the war. This is a substantial rise, most of which occurred before the application of the price ceiling. It is also the part of the cost of living of which the housewife is particularly aware since she sees the effect of it upon her allowance for housekeeping expenses. The other items, which in many households are paid by the husband, have not risen by anything like this amount since the beginning of the war. Fuel and light have risen by 14·1 per cent, housing by 7·4 per cent, clothing by 20·3 per cent, home furnishings and services by 16·7 per cent, and miscellaneous items by 6·8 per cent. The total index has risen by 17·6 per cent since August, 1939, but of this only 2·2 per cent since the establishment of the ceiling.

The point I want to make here is that the cost of food has risen by more than the other groups in the index, and the cost of certain particular food items has risen by a good deal more than the cost of food as a whole. Now many people tend to regard the cost of living as just the cost of food. They forget that the cost of living also includes rent, and clothing, and electric light, and life insurance, and doctors' bills, and many other needs which have increased in price a great deal less than has food.

Another question which is frequently asked concerns the accuracy of the price reports made to the bureau.

The bureau does not rely entirely on reports from storekeepers. In addition to the reports which it receives from storekeepers, it has its own representative in most of the principal regional centres, and it may appoint others before long. These representatives obtain the prices needed each month by personal visits to stores. It may interest the committee to know that these representatives periodically visit smaller towns so as to make a check on the trend of prices throughout the region.

I should now like to say a word on deterioration of quality, which is a live topic at the moment. For many years the bureau has asked firms reporting prices for clothing and home furnishings to make at the same time estimates of any changes of quality in the goods. When the bureau receives a report of a reduction in quality, this reduction is treated just as if it were a price increase of the same amount. The bureau, furthermore, instructs its field representatives to be on the watch for quality deterioration when obtaining price reports.

It must be remembered that there are two types of quality deterioration: that which shortens the life of an article, and that which affects its appearance without shortening its life or reducing its serviceability. If a man finds that a suit now stands only three quarters of the wear that a similar suit used to stand, the cost of his clothes over a period of years has risen, although the price remains the same. It is obviously reasonable to include deterioration of that type in the cost-of-living index. Suppose, on the other hand, the man finds that the suit he now buys is less attractive than it used to be, the material rougher perhaps or with less novelty in pattern but it still lasts every bit as long as it used to. He could not then claim that this quality deterioration had affected his cost of living.

There have been complaints that many cheap lines of goods are now off the market, and that it is necessary to buy more expensive brands. In such cases the bureau puts the price of the more expensive brands into the index. Stores have instructions not to report the price of any article which is not readily available, but instead to send in the price of the next more expensive article that is readily available.

A list of the items included in the index has been published, and comments have been made on the large number of items entering into an average family's normal budget which are not on this list. These omissions may be difficult to understand but the reason is that it is not practicable to get direct price quotations for every item in the family budget. The bureau instead obtains price reports on what are regarded as typical items, "weighting" those prices sufficiently highly to cover all the items that ought to be in the group. I would take as an instance, foods. Many foods have wide seasonal price changes, and as a result the consumption of them varies. People eat them in quantity when the price is low and eat less when the price is high. Shifts in consumption from season to season and year to year, as crops vary, are so great that it is extremely difficult to give these foods a correct degree of importance in the budget. There is also the problem of obtaining comparable prices. Many of the fresh vegetables in particular are not always sold upon a weight basis, so that price changes may actually reflect quantity differences as well. To include these items might well result in the index becoming less rather than more accurate.

The bureau of statistics, therefore, picks out those foods items on which a representative price can be obtained from month to month. The index includes forty-four food items which represent about seventy-five per cent of the total cost of foods in the budget on which the index is based. Those foods on which a price is not obtained are considered to have risen by the same proportion as those foods on which price reports are made.

The bureau has often been asked whether the restricted number of foods in the index makes it less reliable. In order to test this possibility a check was made. An experimental food index was computed on the basis of only fifteen items; round steak, blade roast, rolled rib roast, pork loins, bacon, milk, butter, eggs, flour, sugar, potatoes, corn syrup, marmalade, oranges and lard. This index, with one-third of the items in the official index, shows a wartime rise to May, 1943, of 30·3 per cent, which is only 0·5 per cent less than the increase for foods shown in the official index. I might mention, incidentally, that the number of food items included in the Canadian index compares favourably with those in the indexes of other countries.

Food, of course, is not the only group where difficulty is experienced in getting representative prices. Another difficult group is clothing, which also includes many items seasonal in character. A lady's hat may sell in season at $4.95 and be cleared at $2.98 or less. The same is true of dresses, coats, and many other items. To include prices for these things in the index would cause erratic movements which would not follow the basic changes in clothing prices. Therefore, the

bureau has selected a comparatively small list of twenty-nine clothing items which are of fairly standard construction and have no pronounced seasonal price movements. These items represent in proper proportion all the important materials used in making clothing, i.e., cotton, wool, rayon, rubber and leather. The bureau assumes and I think with reason, that the change in cost of these items gives a correct record of the rise or fall in all clothing prices.

Having dealt with the cost-of-living index itself I now wish to make a few remarks on related topics which are more strictly the concern of the Minister of Finance.

In the course of his remarks the hon. member for Winnipeg North Centre referred to the effect of direct taxes, such as income taxes, on the cost-of-living index. This is a question that is raised from time to time and I think merits a fairly full explanation. The hon. member said and I quote:

> But the bureau apparently does not take into consideration any of the direct taxes paid by the people of Canada. Yet these taxes have increased tremendously, and add to the cost of living.

If the committee will consider the matter carefully I think they will agree that to include direct taxes in the cost-of-living index would be quite inappropriate and would indeed defeat the whole purpose of our wartime financial programme.

The cost-of-living index measures changes in the cost of living of the average wage-earner's family. It is an index of prices like an index of wholesale prices or an index of retail prices. If prices go up the index goes up; if prices go down the index goes down. To the extent that taxes such as excise and customs taxes which are indirect taxes enter into prices, they are, of course, reflected in the index. The only exception to this is the increased war taxes on cigarettes and tobacco which were excluded for a specific and, I think, obvious reason.

Direct taxes, on the other hand, do not affect prices. They are taxes on incomes, that is, they reduce the amount available for spending. If the hon. member's argument were sound that direct taxes affect the cost of living, it would follow that the cost of living of the rich man had risen many times more rapidly than that of the man with a low or moderate income. Equally absurd, it would mean that the cost of living of the man with a family had risen less sharply than the cost of living of a single man with the same income.

I would also point out that if an attempt were made to include income taxes in the cost-of-living index, there would have to be an individual cost-of-living index for each taxpayer as taxes vary enormously from individual to individual depending upon income, family responsibilities and personal circumstances. An average would mean absolutely nothing.

But there is a very much more important reason for not including direct taxes in the cost-of-living index. When, as acting Minister of Finance, I delivered the first Canadian war budget speech on September 12, 1939, I said:

> We shall be guided by the belief that all our citizens will be ready to bear some share of the cost of the war, but we shall insist on the principle of equality of sacrifice on the basis of ability to pay.

If income taxes were included in the index, this principle would be nullified, for since the cost-of-living bonus is determined by the cost-of-living index the bonus would be increased by approximately the amount of the increase in the income tax. Thus people getting the bonus would pay little or no income tax. Furthermore, it is to be remembered that only certain groups are eligible for the bonus. To these, in effect, taxes paid would be rebated, leaving more to be borne by those who are not eligible for the bonus.

The hon. member then went on to say, and I want to deal particularly with this phase of his argument, that "part of the money paid in taxes is being used to subsidize prices. Part of what we pay in taxes is actually part of the price which we pay for some of our food." The hon. member appears to be arguing that the policy of paying subsidies in order to stabilize the cost of living is a case of transferring money from one pocket into the other, of robbing Peter to pay Paul.

The truth is, of course, that subsidies designed to keep down the cost of living serve a very definite and useful purpose and that, used judiciously, they are essential to any general policy of price stabilization, serving the dual purpose of ensuring supply and of protecting the standards of life and of those receiving low or moderate incomes.

A rise in the cost of living produces unequal effects upon various sections of the population. It is true that some individuals might manage to cover the added costs of living by the increases in their incomes resulting from higher prices. Perhaps the unmarried industrial worker drawing cost-of-living bonus would be in that fortunate position. But his fellow worker, married and with a family, is not so well placed. His cost-of-

living bonus is exactly the same as that of the single man, yet he has not one but several mouths to feed. A stable cost of living is very much in his interest. It was not overlooked, also, that a rise in the cost of living affects everyone, whereas certain important groups—farmers, small proprietors, pensioners and all those whose incomes make them ineligible—do not receive the cost-of-living bonus.

As to the cost of subsidies, this is borne, not in proportion to benefits received—then it would be a meaningless transfer from one pocket to the other—but like any other war cost, in accordance with ability to pay. The family man who benefits most from stabilized living costs pays his share of subsidy costs not directly in proportion to the benefits received but, on the contrary, according to his taxes, which vary inversely in proportion to the number of his dependents. Rich and poor benefit in proportion to what they consume; they pay in accordance with their income. In other words, the payment of subsidies distributes the burden of rising costs according to ability to pay. Far from being a policy of robbing Peter to pay Paul, the payment of subsidies to stabilize the cost of living is sound and in the best interests of the very groups in the community on whose behalf my hon. friend so often speaks.

Mr. ADAMSON: The minister mentioned twenty-nine articles of clothing. Would he give them?

Mr. ILSLEY: They are in the bulletin I have already put on *Hansard*.

Mr. ADAMSON: It does not include ladies' hats, for instance, which are most intangible?

Mr. ILSLEY: No.

Mr. BENCE: The matter of enforcement was referred to last evening by the hon. member for Lake Centre. The minister also had something to say on that this afternoon, although I think I did not quite follow him. My understanding is that in the first place a recommendation is made by the local investigator that a prosecution be instituted, that the local office sends it on to the provincial counsel, who is a permanent official retained by the government to look after these matters, and that provincial counsel then sends the whole file on to Ottawa, where the matter is dealt with by the enforcement administrator here, who I understand, is Mr. F. A. McGregor. I asked a question in the house on the enforcement division last March. My question was:

What are the names of the administrators and other officials of the enforcement division of the wartime prices and trade board situated in the city of Ottawa?

[Mr. Ilsley]

I was informed in reply that Mr. F. A. McGregor was the enforcement administrator, that he was a permanent official of the Department of Labour at Ottawa, and that there were two other members of the division, Mr. H. M. Brown, deputy enforcement administrator, also a permanent official of the Department of Labour, Ottawa, and Mr. P. J. M. MacDonald, enforcement counsel. My understanding is that one of these three gentlemen is a barrister by profession. It is this board of three which in the final analysis determines whether or not a prosecution shall be instituted.

Under the provisions of the order in council under which the prosecutions are instituted, it is necessary to obtain consent in writing from the wartime prices and trade board or from the attorney general of the province concerned before an information can be laid. The prosecution is a very technical one, and I suggest to the minister that this whole matter should be left in the hands of some competent counsel who has experience in prosecutions and that it should not be left in the hands of this board of three sitting in Ottawa. I say that for a particular reason. I have personal knowledge of one case in which Mr. McGregor insisted on a prosecution despite the fact that he had been advised by the local counsel in Saskatchewan that the consents necessary before the information was laid were not proper consents, and that a conviction could not be obtained. As a matter of fact, because these consents were not proper, seventeen charges were dismissed. I suggest to the minister that since these prosecutions are very technical, as he knows as well as I, if not better, they should be in charge of some man who is well trained in such matters. I am not for one minute suggesting that they have not trained men in the provinces; I know they have in Saskatchewan, but my point is that prosecutions should be in the hands of someone who has a greater knowledge of prosecutions than this board of individuals who reside in the city of Ottawa.

There is another matter. The minister in the course of his statement referred to the fact that a change in the quality was taken into consideration in determining the price, and that, if the quality were inferior the price had to come down in order to keep in line with the price-ceiling policy.

Mr. ILSLEY: That is not quite correct. If there is a deterioration in quality and no reduction in price, it is regarded as a price rise, and if that conflicts with the ceiling it could not take place.

Mr. BENCE: If, for example, a certain type of commodity cost $50 in the fall of

1941, and the same commodity, with cheaper materials in it, was constructed to-day, the price could not be retained at the same level; I understand it has to be of the same quality in order to justify charging the same price. That was the original statement contained in the price-ceiling policy which was brought down by the government. It has to be of comparable quality.

Mr. ILSLEY: As serviceable.

Mr. BENCE: Yes.

Mr. ILSLEY: The test is serviceability.

Mr. BENCE: Well, comparable quality means taking everything into consideration, and the minister impressed upon us the fact that it means "serviceable" rather than particularly good looking or anything like that.

Mr. ILSLEY: Yes.

Mr. BENCE: The point I was going to make is this. I understand that the quality of gasoline which is sold now is not as high as that sold during the price-ceiling period. I understand that this matter was taken up with the chairman of the wartime prices and trade board, because the complaint was that a gallon of gasoline is now of inferior quality, probably for reasons which are beyond the control of the administration; I do not know. But if that is the fact, I should like to know why steps have not been taken to review the cost of gasoline to the consumer, because if with a gallon of gasoline you could go, say twenty-five miles in 1941, and with a gallon of gasoline you can now go only fifteen miles, surely, if the price-ceiling policy is to be retained, some reduction in price should be made.

The other point to which I wish to refer seems to me to be of the utmost importance, and I should like to obtain some information from the minister in connection with it. I refer to the setting of a price. As the years have gone by since this price-ceiling policy was introduced, we have found that it is necessary to depart from it to a certain extent with respect to certain commodities. I have in mind particularly meat. At one time meats came under the original price-ceiling policy of the government, they had to be sold at the same price at which meats of a comparable quality were sold during the basic period. But since that time the whole set-up has been greatly changed, so that now we have prices set for lamb, pork, veal and so on by special orders in council. I wish to know from the minister the method by which it is determined that there should be a change in the price ceiling with respect to, say meat or eggs, because I can see that the whole situation is fraught with a great deal of danger, particularly if the matter is not kept completely secret. I should like to know whether the decision is restricted to a very few people, or whether a number of people are called into consultation, and, generally speaking, just how the administration safeguards the public against the possibility of a change in the price ceiling leaking out before it is made effective.

I know very well that it is difficult to conceal these things. I must confess that I have been somewhat amazed, and have expressed this feeling before, that things which are supposed to be kept in the dark nevertheless seem to get out. For example, a short time before the minister brought down his budget a year ago he announced that the administration did not believe a policy of compulsory savings to be feasible, and yet two days before the minister made his speech in this house last year there was a little write-up in one of the local papers indicating that in all probability a system of compulsory savings would be brought in. I give that to the minister as an indication of the manner in which things may leak out, and I am very much afraid, in connection with the price-ceiling policy, that unless the most rigid control is kept over the matter of the deliberations of the people who have charge of these matters, there is great scope for possible dishonesty. I should like the minister to clear that up, for this reason. In the last few months there have been several changes in connection with the price ceiling on meat and also on eggs, and I have received inquiries from citizens in my own constituency with respect to the manner in which this was done. They have said to me—and I repeat this to the minister —"It is a strange thing that just before there is a rise in the price ceiling of meat, certain people are very active in the meat buying market." They say, "Either they have inside information"—which I am not necessarily suggesting—"or else they are pretty good guessers." I have known in my own city of meat buyers going to the stock yards and buying meat in tremendous quantities just before there happened to be a rise in the price ceiling. The same thing has happened with regard to eggs. I suggest that, in view of the feeling on the part of these people which I have mentioned, the minister should make a statement clearing up this situation.

I give the minister another example of what happened recently, in connection with the matter of eggs. There was a change in the price, I have forgotten whether it was up or down, and in order to ensure that holders of

eggs would not make an undue profit, the government agencies, I understand, went to various parts of Canada and purchased as many eggs as they could possibly get from the people who were holding them. One or two persons either became suspicious or had inside knowledge. They held on to their eggs and were able to make a profit, whereas other purchasers of eggs complied with the request of the government that they should be delivered to the administration and were done out of the profit which these other people made. I should very much like the minister to clear up this position, because it seems to me that it is one of the most dangerous angles of the price ceiling policy administration.

Mr. ILSLEY: With regard to the third point made by the hon. gentleman, the importance of secrecy is very well recognized by the board. The officials are sworn to secrecy when they take office, and not only that, but all advisory committees who are consulted take an oath of secrecy. I know of no leaks. The rise in the price of eggs of a cent a dozen, I think it was, was on account of the fact that the Department of Agriculture advanced the price of eggs which were to be exported to Great Britain. I remember the circumstances very well. It was not at all a wartime prices and trade board matter. I do not believe there was any certainty on what was going to happen until it did happen, although naturally there may have been some discussion among officials, including wartime prices and trade board officials. But the rises in prices to which the hon. gentleman has referred are, I think, monthly rises which are public knowledge.

Mr. BENCE: Oh, no. May I say to the minister that it was determined at a certain time that they would put in this policy of monthly rises in prices of meat, but at the time that policy was determined on, nobody outside knew it would be put into effect.

Mr. ILSLEY: No; that is right.

Mr. BENCE: And so in connection with other matters of the same kind.

Mr. ILSLEY: The fact that there is some activity in buying does not indicate that those who are buying know what is going to happen, nor do intelligent forecasts of the contents of a budget indicate that there are leaks. I do not think there have been any leaks at all since I have been Minister of Finance or, as far as I know, before that. In one of our budgets, an important one, there were fifteen or twenty officials who participated in the pre-budgetary discussions which went on for several months. We were deciding upon very important policies, and there was nothing at all in the way of a leak at that time. But of course the more people there are discussing a move, the more chance there is that someone will drop a word or say something which a shrewd hearer can interpret in a certain way. All I can say is that the importance of the problem is well recognized.

Mr. BENCE: How many persons would know that a price rise would go into effect—change in policy?

Mr. ILSLEY: I do not know how many would know; a few would know. Often it is announced almost as soon as it is decided. The decision is not made until the night before the announcement. Sometimes, in matters of importance, I am consulted and I take the matter to the cabinet. No one knows what the cabinet will do. That does not happen very often. Usually the board makes these decisions itself.

Mr. BENCE: Will the minister say something with regard to gasoline?

Mr. ILSLEY: I am informed that what happened there was this. The various companies had various systems of grading or were selling various grades of gasoline. The oil controller thought it would be better to reduce them all to two grades; accordingly he instituted a system of two grades of gasoline, and the average quality of these two grades is believed to be as high as the average quality of the grades that were sold by the various companies.

Mr. ADAMSON: What are the octane ratings of the two grades?

Mr. ILSLEY: That is not in my department but in munitions and supply.

Mr. BENCE: Has the wartime prices and trade board considered the question whether there has been a breach of the ceiling in that direction?

Mr. ILSLEY: The officials are not acquainted with that subject matter. I shall have to inquire.

Mr. GRAHAM: In my opinion the minister has placed on *Hansard* a very important statement dealing with a matter that has certainly a considerable bearing on the spirit of the people, because, as he pointed out, the price of foodstuffs is something very real to the average housewife. The statement, I am sure, is one from which members of this house will derive much benefit if they will read and

carefully digest it at their leisure. I make one suggestion to the committee. Since this is of such great importance, and the matter has such a marked effect on the degree of satisfaction in the country with the government's price control policy, not merely the usual means of publicity should be given it, but some effort should be made to see that it is given wide publicity, and not in the daily newspapers only. What I had in mind was this. There is at present in this city the editor of my own home city weekly newspaper, the Swift Current *Sun,* of which that community is particularly proud. It has on several occasions won awards of the Dominion and Provincial Weekly Newspaper Associations. That gentleman is here assisting in writing up some of the matters that are of public interest for circulation throughout the weekly newspapers of Canada.

Mr. GRAYDON: He does a good job, too.

Mr. GRAHAM: He does a good job, and I warmly suggest to the minister that Mr. James Greenblatt, who happens to be the editor of whom I am speaking, be asked to prepare, in briefer form than the minister has been able to give, a summation of the information given to-night and put on *Hansard,* and that it be circulated throughout the weekly newspapers of the country. In addition, I hope the minister will be able to find an opportunity of giving the information to farm journals. I know of no class of persons in this dominion who in the last analysis are more important than the housewives—and I am speaking of the war effort. They are an amazing source of strength to the nation, in the towns, the villages and the countryside, and any information that we can give to the housewife, which will enhance her appreciation of the fairness of the laws of Canada at the present time, in the carrying out of the difficult task of maintaining reasonable prices, particularly of foodstuffs, clothing and shelter, will, I am sure, pay dividends in renewed interest and in unity of support of our total war effort.

Mr. ILSLEY: I will take note of the hon. gentleman's suggestion.

Mr. ROSS (St. Paul's): Last night the minister spoke of the work the housewives did in the way of policing and enforcing the price-ceiling regulations in Canada. I think they have done a very good job. It is most important that the ceiling be maintained and the cost of living kept down if we do not want to have inflation, and anything that will further that end will be of benefit to the citizens. But as goods become scarcer it will be more difficult for the housewives of Canada to play this part. This is the point. They will be told that they have to take this or that at a certain price or go without. There is going to be a difficulty. When information is laid in connection with prices, is the name of the person laying the information made public or is it kept secret?

Mr. ILSLEY: It is secret.

Mr. ROSS (St. Paul's): I think every precaution should be taken to protect the housewives in connection with the enforcement of these regulations.

Perhaps the minister has noted in the newspapers that one of the controllers in Toronto has called for some kind of rationing of fuel for that city this year. There is no question about it that from appearances the situation is now a very serious one for the people of our city. Here is an interesting headline in the *Globe and Mail* of June 24: "Fuel oil hopes far from rosy for eastern United States." That is just fuel oil. That is the situation that exists to-day. What is the government going to do? Are we to have a repetition of what happened before, when we were told in the first place that there would be no rationing of butter and two or three weeks afterwards rationing came in? Are we to have the same thing that happened with potatoes, and so on? In my own city the housewives were able to buy only from their own grocer, or if they wanted potatoes they had to buy other food with it, and they were paying as high as five cents apiece. Are we to have that, or are we to have a policy in connection with the fuel situation before it becomes too serious in Toronto. Are we to ration fuel this winter or not? It is about time we had some policy so that the people of my city and the people of the rest of the country will not suffer. Are we to have the same thing that happened in connection with cordwood and wood fuel? That situation has not improved. Let us get something done in time, so that we may know what the situation will be.

Mr. ILSLEY: I do not think the hon. gentleman would expect me to say whether or not any commodity is to be rationed. I would not want to say that, because I do not know.

Mr. LOCKHART: A press report to-day said not.

Mr. ROSS (St. Paul's): Then is the situation as serious as we think it is? What is to be done about it? Is it to be allowed simply to drift? Who will take charge of it—the wartime prices and trade board or somebody else?

We want to know in time, so that we may make our plans for next winter. This is the time to do it, not after the snow comes.

Mr. ILSLEY: The production and distribution of coal and fuel wood are under the jurisdiction of the Minister of Munitions and Supply. If rationing should become necessary, I do not know what department would carry it out. There is one rationing authority now in the Department of Munitions and Supply in connection with gasoline and tires.

Mr. ROSS (St. Paul's): Then there is the other point in regard to housewives who help enforce the ceiling policy.

Mr. ILSLEY: If the hon. gentleman will look at the report of the wartime prices and trade board, he will find that at page 66 it is provided that the names of persons furnishing information to the board on enforcement matters are held confidential in the investigations which follow.

Mr. CASTLEDEN: In connection with administration costs which amount to $14,300,000, how are the personnel selected? How are those who are to be placed in charge of the various regional offices of the board selected, and what salaries do they receive? This question has to do with the ability of the staff to keep the public informed and to give the public accurate information. There is a multitude of orders in council being passed in regard to prices, and I should like to know what machinery exists in order to keep these officials informed, and what are their instructions with respect to giving information to the public. A person goes to the wartime prices office and asks for some information in regard to what rent should be charged for a room, or what he should do with some surplus coupons, or some other related matter in connection with which they require information. The complaint I have received is that these persons often are told to go and see a lawyer about it, that those in charge of these offices did not know what should be done, and admit it. I should like to know whether those employed in these offices are instructed to do this, or whether there is not some higher official in Ottawa from whom they can get the information they require.

Mr. ILSLEY: There is an important system of internal circularization; that is to say, the board orders, instructions and so on are sent round to the staff of the board in all parts of Canada. They are informed promptly as to everything it is necessary for them to know. It might be that some official would not take it upon himself to advise an applicant on some legal question; that sometimes happens, and in a case like that it is better to tell the applicant to see a lawyer than to give bad legal advice.

Generally speaking, appointments to positions carrying salaries of under $5,000 are made by the civil service commission, and to those carrying salaries of over $5,000 by the governor in council. On the question of salaries it might be of interest for me to inform the committee that as of March 31, 1943, those serving without remuneration numbered 259; those receiving over $8,500 per annum, none; those receiving from $5,000 to $8,500, 43; those receiving from $4,001 to $5,000, 83; those receiving $3,001 to $4,000, 174; those receiving from $2,001 to $3,000, 683; and those receiving $2,000 and under, 3,723; making a total of 4,965 at that time. The average salary including cost of living bonus, based on salaries paid during the month of March, 1943, and including those serving without remuneration, was $1,525, while excluding all persons serving without remuneration the average annual salary, on the basis I have just given, was $1,610. Was that the information the hon. gentleman wanted about salaries?

Mr. CASTLEDEN: Yes. The other question whether there is any source to which those in charge of these offices can refer in case they are asked something they cannot answer. Are they instructed to tell people making such inquiries to go and see a lawyer? Is there a source within the department to which they can refer such inquiries?

Mr. ILSLEY: Yes; they would go to their superiors for information. If their superiors did not have the information, they would apply to their superiors and finally it would be obtained. You know sometimes people ask you the most annoying questions, and I can well understand that an official might hesitate to give an opinion which, unappreciated by the questioner, might have to do with a difficult point of law about which a lawyer should be consulted.

Mr. KNOWLES: You send the annoying question to a lawyer?

Mr. ILSLEY: I never like to be asked for a definite opinion on a difficult point of law, because it is a most dangerous question to answer.

Mr. FRASER (Peterborough West): In a wartime prices and trade board press release, dated July 6, I find the following:

Appointment of Irving B. Everett of Toronto to an executive position in the wartime prices and trade board's ration administration was

announced to-day. Mr. Everett will be chief of the general section in charge of meat and butter. Mr. Everett is on loan from the Swift Canadian Company, Limited, Toronto, of which he has been sales manager.

I am just wondering how many members of that board have been employed by these packing houses. In my own riding there is a man who has been slaughtering hogs for the last thirty or forty years; in fact I think he had the first private slaughtering place in our district. Now he has been denied a permit to slaughter hogs. He asked permission to slaughter just what one might call the runts in the different pens, and even that was refused him, though they said he would be allowed to slaughter farmers' hogs. It looks to me as though there is some discrimination against the small man who is slaughtering his own animals, or is slaughtering for others. I find this in the *Globe and Mail* of July 6:

The Central British Columbia Live Stock Association has sent an appeal to the dominion government asking that merchants holding slaughter permits be allowed to issue temporary permits to producers to slaughter live stock for sale to the merchants.

At another point they say:

The wartime prices and trade board recently decreed that slaughtering of live stock for local use in rural areas must be done and stamped by one man. In the Burns-Francois lakes district, the man appointed by the local ration board was the only one who might be said to have an "abattoir"—two poplar trees growing beside a road.

The farmers complain that to obey the order they must in some cases hire trucks or hitch up the old grey mare and cart live stock anywhere from ten to one hundred miles to be butchered at the poplar tree abattoir.

I note that it is creating a hardship throughout the rural district, because these people who are forty or fifty miles, or perhaps more, away from packing houses cannot haul their hogs to those packing houses and then back home again.

Mr. ILSLEY: Mr. Everett, to whom the hon. member referred, is chief of the rationing administration. The rationing administration has no connection with the food administration. It is in the food administration that the slaughtering control rests.

Mr. FRASER (Peterborough West): It would be all mixed up.

Mr. ILSLEY: No; they are distinctly separate. The rationing administration is at Montreal, and the foods administration is at Ottawa. They are certainly distinct. It is easy to say that this slaughtering control is in the interests of the packers, but the fact is that some slaughtering control is absolutely necessary to make the rationing of meat a success. To show how far they go in some countries, I would point out that in Great Britain they reduced the number of slaughtering places by ninety-five per cent.

Mr. FRASER (Peterborough West): Yes; but they have not the distances that we have in Canada. It is altogether different over there. The whole country could be put in Ontario.

Mr. ILSLEY: We do not go to anything like the lengths they have gone over there.

Mr. BENCE: Might I ask a question at this point about the construction of the new wartime prices and trade board temporary building in Ottawa?

Mr. ILSLEY: Yes.

Mr. BENCE: Did the minister consider the advisability of the erection of this building?

Mr. ILSLEY: Yes, I did.

Mr. BENCE: In the minister's opinion, in view of the fact such a tremendous amount of lumber and materials are required for construction, might not some alternative plan have been arrived at, rather than use up all these valuable materials and man-power. Was the situation thoroughly canvassed as to whether or not these various parts of the board could not have been left where they were, or put in other places, either in Ottawa or in adjoining cities?

Mr. ILSLEY: I am sure the hon. member has no conception of how thoroughly that situation was canvassed. I can say it was canvassed very thoroughly. The wartime prices and trade board was at that time in twenty-two separate places in Ottawa. They were spread around throughout the city. We were trying our best to send as many branches or divisions out of the city as we could. For instance, the rationing administration, with a tremendous personnel, is established in Montreal. But we can go only so far in that direction. It was expensive and it was inefficient. It was a waste of time, money and everything else to operate in that way, to have one administration here and another there. I came to the conclusion it was necessary to have these branches together, under one roof, if possible.

Then the question was raised: Where? That was discussed very thoroughly. The proposal eventually adopted is by far the cheapest of the alternative proposals considered—and several were considered.

Mr. O'NEILL: Is the slaughtering of hogs on the quota basis in British Columbia, and are the accredited abattoirs under the control of the packers?

Mr. ILSLEY: The quota that can be slaughtered is fixed by the meat board, formerly known as the bacon board. Is the hon. member talking about hogs alone, or does he include beef as well?

Mr. O'NEILL: When the slaughtering of beef animals was first considered it was put on a quota basis. That is to say, if a certain company slaughtered a thousand animals last year they were permitted to slaughter whatever percentage is allowed them this year. For instance, if it were ninety per cent, then they would be permitted to slaughter 900 animals.

Mr. ILSLEY: Yes.

Mr. O'NEILL: But that system was abandoned. At the present time while there is a quota, that quota is not divided among the packers on the same basis as it was last year. They are allowed to slaughter so many cattle. But there is no certain quota fixed for any one company. I was wondering if the same thing now applies to hogs, or whether each packer is allowed a certain quota of hogs to slaughter.

Mr. ILSLEY: There is a quota for each slaughtering place. For export houses the quota is fifty per cent of 1940, and for others it is seventy-five per cent of 1941. That is fixed by the meat board.

Mr. O'NEILL: What about domestic consumption?

Mr. ILSLEY: The export houses have for their domestic quota fifty per cent of 1940; and the others—those which are not export establishments—have seventy-five per cent of 1941.

Mr. O'NEILL: Are the accredited slaughtering abattoirs under the control of the packers, or are there independent slaughtering houses?

Mr. ILSLEY: There have been 12,000 slaughter permits issued, and there are about forty-five or fifty inspected houses. I cannot imagine that all of them are controlled or owned by the packing industry. I do not think that would be the case at all.

Mr. O'NEILL: I understand that there are only three in Vancouver, two of which are owned and controlled by Canada Packers, Swifts or some of the others, the third one being an independent house. However, I understand that negotiations are under way by the packing concerns to get hold of this house. The government will not permit animals to be slaughtered except in an accredited slaughter house. If the packers own all these places, there will be no place for an independent man to slaughter his stock. The independent man always pays the producer anywhere from two to three cents a pound more than the packer pays. I should like to have this matter cleared up, because it is of great concern to producers in British Columbia.

Mr. ILSLEY: I shall have to get some information for the hon. gentleman. I did not understand that he was asking a question; I thought he was just making a statement. I shall look into the situation.

Mr. LOCKHART: The minister will see how the small producer is gradually being squeezed out of existence.

Mr. ROY: I should like to direct the attention of the minister to a particular situation which arises in the lower part of the Gaspé coast where the only means of transport is by water. It may happen that during the season of navigation a merchant may not get in sufficient sugar, syrup and other foodstuffs to last thoughout the winter, and the result is that before spring the population is short of these items. Last fall they could not secure sufficient molasses and sugar to last until the spring. Since last spring some of the ships which used to carry on this trade have been sold to other companies and it is not expected that they will be kept on this route. We are afraid that sufficient stocks of food will not be brought in before the fall to last until next spring. I suggest to the minister that this board should make sure that necessary stocks are delivered to last throughout the winter.

Mr. ILSLEY: It is the responsibility of the wartime prices and trade board to attend to the proper distribution of foodstuffs to meet a situation of that kind. I understand that the local merchant makes arrangements for delivery of what he requires, and if he anticipates any difficulty it is open to him to apply to the wartime prices and trade board.

Mr. ROY: Will the minister make sure that the board investigates the matter and sees to it that sufficient supplies are taken in before the close of navigation? Orders should be given to the board to proceed with this investigation.

Mr. ILSLEY: They are fully aware of their responsibility in that regard. In view of the fact that the hon. member has publicly called attention to the necessity of seeing that trans-

portation is provided, I am sure that they will give attention to this matter. I shall suggest to them that they do.

Mr. CRUICKSHANK: Before I ask some questions that I have in mind I should like to say a word of praise to the minister. I am sure he has not expected this of me. I understand in our neighbouring country to the south they have had to make three changes in the gentlemen who have been in charge of their price control. I congratulate the minister upon being so successful in securing the man he did. I disagree ninety per cent with what he says, but I believe he has the courage of his convictions. He has stayed with what he started out to do. However, I would say that I do not think this gentleman has the foggiest notion of what he is talking about in connection with agriculture.

The first question I have to ask is in connection with an order for return brought down on July 1. This contained a number of questions in connection with sugar, but the fifth question asked if women's organizations had been represented at the negotiations that were carried on and, if so, which ones? I know the minister will not have these answers with him, so that I shall give the answer that was given. The answer was that the foods administration, the ration administration, the consumer branch of the wartime prices and trade board and the consumer branch of the Department of Agriculture each had a woman representative attending these discussions. I should like to know who these ladies were, who appointed them and what organizations were represented.

Mr. ILSLEY: The lady representing the consumer branch of the wartime prices and trade board was Miss Sanders. The consumer branch is a voluntary organization of the women of Canada, consisting of about 12,000 in all. The lady from the foods administration was Miss Speers, a nutrition expert and a member of the staff of that administration. The lady representing the Department of Agriculture was Miss Pepper, and the lady representing the ration administration was Miss Archer.

Mr. CRUICKSHANK: On July 5 I asked this question:

Will salmon be released and distributed for Canadian consumption on a per capita basis to each province?

I was informed in reply that approximately 200,000 cases of canned salmon will be released for Canadian consumption but that the basis of distribution had not been determined. I also asked further questions in reference to canned herring on the same day. The reason I asked those questions was that my information was that last year herring from the Atlantic coast was distributed in British Columbia while all the herring in that province went to the British market. I think the public are entitled to know the answers to the questions, and I must say that I do not particularly appreciate the answers that were given me. I will give the questions and answers:

3. Will canned herring be released for distribution to the several provinces?

The answer to that was:

3. Certain quantities of canned herring are being considered for Canadian consumption but the basis of distribution cannot be determined until the quantity to be available is known.

Then I asked:

4. If so, on what basis?

The answer to that was:

4. See answer to question 3.

Then question 5 was:

5. Will eastern herring be shipped to British Columbia?

The answer to that was:

5. See answer to question 3.

My last question was:

6. Will British Columbia canned herring be released on the Pacific coast?

The answer to that was:

6. See answer to question 3.

British Columbia produces as much fish as any other seven provinces in the Dominion, and my question now is, do the wartime prices and trade board, in their so-called maintaining of the price ceiling and of the so-called cost of living index, believe that herring from the Atlantic coast can be transported to British Columbia, where we produce as much fish as any other seven provinces—those are the figures of the bureau of statistics—and sold there, while our herring in British Columbia is taken overseas and the so-called cost of living index be maintained under those circumstances?

Mr. ILSLEY: As I understand it, nothing is settled about the distribution of herring this year. I think the answer to question No. 5 which my hon. friend has just quoted indicates that nothing is settled. The answer means nothing much more than that the matter is under consideration. The hon. gentleman is complaining that last year some herring from the eastern coast was sent to British Columbia, while British Columbia herring was sent to Britain. I do not know the facts of the case. Perhaps my colleague the Minister of

Fisheries has something to do with the distribution of the fish production of this country. I do not know whether he will be able to throw any light on that.

Mr. CRUICKSHANK: With all due deference to the minister, and I have given credit where credit is due, I do not agree with the cost of living index, and I am doing my best to point out that the figures are not true, when herring from the Atlantic coast can be moved to British Columbia whose fish production is the equivalent of any other seven provinces. My interpretation of the answers that were brought down in reply to my questions is that the wartime prices and trade board—not the Department of Fisheries—determines how and where the fish is to be distributed. I should like to be corrected if I am wrong. May I ask the minister whether fish from the Atlantic coast are to be released for local consumuption on the eastern seaboard, and whether fish from the western coast will be released to that district?

Mr. ILSLEY: The matter is not determined yet. The answers to the questions show that. I rather intimated a moment ago that perhaps the Department of Fisheries has the distribution or allocation of fish under its control. That is not so. The wartime prices and trade board looks after the distribution of fish in Canada, while the Department of Fisheries takes responsibility for the export of fish. The allocation or distribution of fish to meet the demands of the Canadian market is the responsibility of the wartime prices and trade board. What arrangements will be made for the present year remains to be seen. That has not yet been determined.

Mr. CRUICKSHANK: I have another matter to take up with the minister. I have already taken it up with his parliamentary assistant. My information is that on June 21 a firm of canners in British Columbia received a call from the office of the wartime prices and trade board in Victoria that the Department of Munitions and Supply would call for the release of 5,000 pounds of jam for a boat, presumably a naval boat. It is not in the public interest to make the name public. This firm of canners replied that they did not have available that quantity of free stocks, but that they had it in frozen stocks. They were informed that they could not release that amount from the frozen stocks, but that they could from the free stocks, but that if munitions and supply had Ottawa requisition the wartime prices and trade board it could be done. I was informed that that was entirely incorrect. That was the answer given by the department, under date of July 2, at Mission, British Columbia. On the morning of the 21st of June a telephone call was received from the wartime prices and trade board that munitions and supply office at Victoria would be telephoning and asking for 5,000 pounds of jam, and that United Farmers Cooperative Exchange could supply them out of free stocks but not out of frozen. According to the statement of the manager, in his letter, the board stated that—

> . . . we could supply them out of our free stocks but not to send any out of the "frozen" stocks—we had 1,600 cases of frozen jam in our warehouse at the time. I said we were sold out of free stocks, which they already knew.

This is the important part:

> I asked for the release of 100 cases of 4-lb. jam if they phoned for it but the answer I got was that they had no power in Vancouver to release any frozen jam to the naval stores at Victoria.

Shortly afterwards another telephone call came from Victoria asking if the firm could ship 5,000 pounds of jam to the naval stores at Esquimalt. In case any hon. members from the Atlantic coast do not know, Esquimalt is the foundation of the entire defence of the Dominion of Canada on the Pacific coast; it is our Halifax, only a far greater port. I do not want to weary the committee by reading the whole letter.

An hon. MEMBER: You are bragging.

Mr. CRUICKSHANK: Maybe I am bragging. I am entitled to brag about my province. But there is something wrong, to my mind, when naval stores cannot get a release of jam at any time without having to go through all this rigmarole.

Here is the point which I am most concerned about. The wartime prices and trade board have—I say this with all due deference—no greater influence than possibly their master the Canadian Manufacturers' association. This firm got in touch with the Canadian Manufacturers' association, and they immediately took the matter up. I should be glad to give the minister a copy of this letter. They informed the firm that they could do nothing about the matter. But then, as this boat had to leave, the firm shipped the jam on their own responsibility. The wartime prices and trade board called them up and severely bawled them out. They had forwarded requisition order No. C-1382.

Mr. STIRLING: And never got the jam?

Mr. CRUICKSHANK: And never got the jam? That I do not know. The point I am trying to get at is this. Are a few officials here, who do not even know there is a war

on, to have the privilege of denying our navy jam when requisition is made in due order, and then afterwards it is O.K'd with a number I have given, requisition order C-1382? This can be checked from the records—the O.K'ing of the order. What I am interested in knowing is this, can the Department of Munitions and Supply at any time requisition jam or any other food product for our armed forces without being hindered by the wartime prices and trade board?

Mr. ABBOTT: As my hon. friend indicated, I took this matter up when he first put his inquiry before me. The inquiry took the form of a statement that he had been informed that a firm in Vancouver, United Farmers Cooperative, had been refused permission to deliver frozen stocks of jam to the Department of Munitions and Supply, presumably for the armed forces. I took the matter up with the wartime prices and trade board; and I was informed that, while frozen stocks of jam were, of course, under the control of the wartime prices and trade board, on no occasion had they refused a requisition from the Department of Munitions and Supply for the armed forces. In addition, that morning they telephoned long distance to the wartime prices and trade board office in Vancouver and were informed by the office in Vancouver that they had received no request from United Farmers Cooperative for delivery of jam to munitions and supply. I communicated that information to my hon. friend, and that is the last I heard of it until to-night. If the jam supplies were required for the navy, as I take it from what he said they were, as the committee knows purchases for any of the armed forces are made through munitions and supply. But the point I wish to make is that the wartime prices and trade board food administration stated without qualification that they had never refused a request from the Department of Munitions and Supply for frozen jams or any other food products, and that in the case of this particular company they had been informed over the long distance telephone, on inquiring, that no request for delivery had been received.

There may have been some mix-up in the filing of the requisition—I do not know as to that—but that is the information which the board here were given by their office in Vancouver. If my hon. friend has any further particulars, we shall be glad to go into the matter and see what happens.

Mr. CRUICKSHANK: I thank the parliamentary assistant. I am not quarrelling with him; he gave me a very fair report at the time and answered every question I asked. This firm may be wrong in their information, but they are the largest independent jam firm in the Dominion of Canada—I repeat that, "independent jam firm in the Dominion of Canada"—and they make the definite statement that they were turned down on this. Everybody knows that no firm has any difficulty in selling this kind of produce. The firm are not worried about the order; but what I am interested in and what the manager of the firm is interested in and took upon himself as a good Canadian to bring to my attention, is that some naval boat—I reiterate, what we hear so often, that "it is not in the public interest" to say what particular boat, because apparently anything we do not want to mention is not in the public interest—required this jam, could not get it, and he took it upon himself to release this jam. I want to know whether the wartime prices and trade board, either any official or the whole board, has any power to refuse to release jam or any other food to any branch of the armed forces. I am entitled to an answer to that question.

Mr. ABBOTT: Just to answer my hon. friend's last point, these frozen stocks to which he is referring, of jam and other products, are frozen, not because the wartime prices and trade board wants to freeze them, but at the request of the Department of Munitions and Supply in order that they may be sure that there will be an adequate supply for the armed forces. As I say, it is possible that in this case naval stores or some group like that attempted to order this jam direct from the supplier without going through munitions and supply. I cannot say as to that. But the important point in principle is that the wartime prices and trade board does not refuse and has not refused requisitions from munitions and supply for the armed forces, and the purpose of freezing these stocks is at the request of munitions and supply in order that they will be available for the armed forces.

Mr. O'NEILL: I did not know that my hon. friend was going to switch from salmon to jam, or I would have risen before. I wish to ask a question with respect to salmon. My understanding is that 200,000 cases of salmon will be released for domestic consumption. Can the minister say whether it will be released on the percentage of population of the different provinces?

Mr. ILSLEY: The basis of distribution has not been settled. Discussions covering

the whole distribution of fish are going on between the board and the Department of Fisheries at the present time.

Mr. O'NEILL: Would it be unfair to have it allocated on a percentage basis of the population?

Mr. ILSLEY: I do not see anything unfair about it, if everything else is allocated on that basis. Whether it was fair or not might depend upon the allocation of other foods.

Mr. O'NEILL: I should now like to ask a question with respect to jam. Is more jam being released to the German internment camps than is being allocated to the civilian population of this country?

Mr. ILSLEY: The German prisoners get the same rations as the depot troops in Canada. That is by virtue of the Geneva convention. How that compares with the amount available for the civilian population I do not know. It it not a ration to the civilian population. One would have to know how much is available and find how much that would give to every civilian in Canada and compare the result with the army ration. That is what it amounts to.

Mr. O'NEILL: I am not very familiar with the matter, and possibly the minister does not buy any more tins of jam off the shelves in the stores than I do, but I understand from my wife that there are many days when there is no jam on the shelves, though occasionally you will find it in the stores. Yet there is common gossip that there is all the jam in the German camps that they require.

Mr. ILSLEY: There has been a large increase in the amount of jam available for the civilian population of Canada, but even a greater increase in the demand. A good instance of this will be found in the statement I made when the wartime prices and trade board estimates were introduced. I quote from page 4256 of *Hansard*.

> A good instance of this is jams, jellies and marmalades. Before the war the production of these items was in the neighbourhood of 45 million pounds. By 1942 the output had risen to over 70 million pounds. Of this total some 15 million pounds were used by the armed forces and other priority users, but there still remained a considerably larger quantity for civilians. Yet hon. members, or at least their wives, know that jams, jellies and marmalades are very difficult to obtain in retail stores.

It shows the increase in the supply and the greater increase in the demand for jams, jellies and marmalades.

Mr. CRUICKSHANK: I wish the minister would clarify the Canadian War Orders and Regulations, Ottawa, June 28, 1943. There is one point that I do not understand. Let me quote from order No. 289, respecting maximum manufacturers' prices of certain groceries. I quote:

> The board hereby orders as follows:—
> 1. The schedule to order No. 116 of the board is hereby amended by deleting therefrom the words "jam, jelly and marmalade" and substituting therefor the word "marmalade".

The second paragraph is the one I do not understand:

> 2. The said schedule is hereby further amended by deleting therefrom the words "clothes pins".

Would the minister explain that?

Mr. ILSLEY: There was a special order, with a long list of articles sold by grocery stores, including clothes pins, and they therefore appeared in the schedule. One by one specific orders were made relating to the prices of these articles. I do not know whether all or even most of them have been covered, but at any rate clothes pins are among those that have been. When a specific order was made the article affected ceased to be subject to the general order and therefore was taken out of that general order by deletion from the schedule.

Mr. CRUICKSHANK: It has nothing to do with jams?

Mr. ILSLEY: No. Jams appear elsewhere on the list.

Mr. PERLEY: I think the minister made a timely statement this evening. It is one that should have been made some time ago. It dealt with the many difficulties which the board has and the manner in which it is trying to cope with the various problems. A good deal of information was given us to-night which I think is worth while, and I endorse the suggestion made by the hon. member for Swift Current, that the statement given to-night should be summarized and set out in concise form by a certain representative of the press whom he mentioned and who would be capable of doing it. He suggested that it be published in the weekly newspapers so that the people would have the information. I am prompted to support that suggestion by the statement made by the hon. member for Saskatoon. He indicated some of the difficulties which merchants, consumers and others have through failure to understand the working of the prices board and also the changes in prices. The local merchants in my own district face these difficulties. I have heard them complain that there is so much confusion and lack of understanding in the method of carrying out the different regulations, and of the changes in prices. As the

hon. member for Saskatoon said, the information sometimes gets out in advance, while in other cases there is delay. I have heard both consumers and local merchants complain. I will not enlarge on this, though I have letters which I could read to illustrate what I am saying. However, I am trying to be brief. I suggest that the statement be summarized and given out. Yesterday there was some discussion on the question of rent and rent control and prosecutions, and in that regard I have had some complaints.

The hon. member for Haldimand suggested this afternoon that the producers should have had representation on the prices board. On page 73 of the report referred to yesterday by the minister we find a list of the board and the different firms whom they represent, but we do not see a real representative of producers there, apart from the Department of Agriculture. I wish to endorse the statement made this afternoon by the hon. member for Haldimand that we should have a real representative of the producers on this board. In my opinion we would have avoided many of the difficulties in regard to the ceiling on farm products if this had been done. I agree with the hon. member that ceiling prices on certain farm products are not fair or as close to parity prices as they should be.

To come back to the question of rentals, it was stated yesterday that during the nine months' period ending March 31 last there were 1,679 prosecutions, of which 730 concerned rentals. Would the minister give us a break-down of that figure of 730, to show how many of these prosecutions occurred in the western provinces? I hear many landlords in the city of Regina complaining about the enforcement of the rental regulations. I happen to have a block also and I could recite some of my own difficulties, but I shall not do so. It would satisfy me if the minister would say a word in regard to the prosecutions in the city of Regina. I hope the minister also will consider the suggestion advanced by the hon. member for Swift Current, which I am making on my own behalf now, that the public generally should have some better understanding as to how these matters are being regulated.

Mr. ILSLEY: I am glad the making of the statement in regard to the cost of living index appears to have met with the approval of the committee. Personally I thought that even though it might take a little time it would be advisable to make a full statement on the matter because of its importance and the interest it has attracted, and I shall try to see that the statement is given the widest possible circulation by the most efficient means.

With regard to the composition of the wartime prices and trade board and the suggestion that the farmers should be represented on it, as I have pointed out before, this board does not consist of representatives of any occupations at all; it consists entirely of senior government officials. On it there are two representatives of the Department of Agriculture, but it does not have representatives of any industry or occupation or calling. We have kept it strictly to government officials, because it is not a gathering place for persons who represent their own points of view or the points of view of various groups—

Mr. PERLEY: I appreciate that, but it is not any personal point of view I have in mind.

Mr. ILSLEY: I do not have before me the information with regard to the rentals prosecutions by provinces, but I can get that information.

Mr. DIEFENBAKER: There is one matter I should like to place before the minister, because I think it is of interest to every small retailer from the Atlantic to the Pacific. During the last few months there has been a marked trend toward a diminution in the numbers of small retailers throughout the dominion which, unless something is done to correct it, will ultimately lead to their general extinction. The reason for the failure of the small business man lies in the fact that he is unable to secure his fair and proper share of the consumer goods that remain to be distributed throughout the country as a whole. I hear this point raised on numberless occasions. It is said that unless something is done very soon to put a halt to this trend, by the time the war is over the small retailer will be forced out of existence, to all intents and purposes, while on the other side of the equation we shall see an ever-increasing concentration in the hands of the large retail concerns throughout Canada.

I think every hon. member will agree that no group has done more for this country, in the remote settlements as well as in the more thickly populated parts, than the small merchant. We now have rationing of many of the necessities of life; we have rationing of gasoline, all under a body which has a large number of officials, and I should like to know what is being done to see that the small retailer obtains his fair and proper share of the consumer goods still available for distribution throughout the country as a whole.

What is the scheme? What is being done to see that the various foods, the various kinds of clothing, and so on, are made available to the small retail stores which, after all, are the backbone of the business life of this country? What is being done by the wartime prices and trade board to see that these small businesses are treated fairly? This is a matter which deserves a complete answer on the part of the minister. As the hon. member for Qu'Appelle has said, the statement made this evening by the minister about the operation of the index number with respect to the cost of living will do much to clear up the misunderstandings that one hears expressed on every hand. The consumer, too, has an interest in the small retail store, and to-day consumers complain that they are placed in the position that in many cases they can no longer go to their local stores, because those stores do not have the goods available.

Just in that connection I wish to mention a matter which I think should be brought to the attention of the committee, for it illustrates in concrete form the tendency to give preference to large stores as opposed to the smaller stores. Following the rationing of tea, an order went out as late as September, 1942, with respect to the distribution of tea in the northern parts of Canada. Here is the strange thing about the order which was made. The Indians were made subject to the rationing of tea, provided they did not deal with a certain well-known company which operates in the north. If they were dealing with this very large corporation operating in northern Canada they were not required to have ration coupons.

Mr. CASTLEDEN: What company was that?

Mr. DIEFENBAKER: The Hudson's Bay company. If, on the other hand, they wanted to deal with the small, independent trader, they could not do it without ration cards. What was the result of that order? I do not know whether it is in effect to-day, but it was in effect as late as October, 1942, and it was admitted to be in effect by Mr. George Short, director of commercial and institutional rationing. The effect was that when the Indians came in to buy their supplies, if they had no ration coupons and they went to the company's store they were able to purchase anything else they wanted. If they went to the independent trader, that was denied them. They would not buy the rest of their supplies because they could not secure their tea.

That is an order which I find difficult to understand. It had the effect of arousing the antagonism of all the smaller traders in the north, those men who carry on trade from the Hudson bay to the Yukon territory. It is an order which is unfair and unjustified. An explanation was given that any Indians who wished to buy from independent merchants may be directed to the nearest Indian agency for a requisition enabling them to buy from such independent merchant. That order, I submit, is one that cannot be justified.

I point this out for the purpose of indicating that there is a feeling that sufficient consideration is not being given by the government, through the instrumentality of the board, to the welfare of the small business people. For them I make this plea, and I ask that machinery be set up in addition to that already existing, which will assure to the small business man and the small retailer a fair and proper share of consumer goods, reduced as they are to-day in amount, by the exigencies of war.

Mr. ILSLEY: This subject probably deserves a fuller explanation than I am prepared to give to-night. But I do not wish to go away and take the time to prepare a set speech or statement on it. I want to deal with it now, because it is the favourite procedure of certain critics of the wartime prices and trade board to state that the small retailer is being sacrificed to the big one. That is a favourite criticism. It was hinted by the hon. member for York-Sunbury the other night.

Mr. DIEFENBAKER: I am asking that it be answered.

Mr. ILSLEY: And I will answer it. I wish to say this, that if it had not been for the wartime prices and trade board and its policy, and if it had not been for the policies which have been pursued, the small retailer would have been in a far worse position than he is in to-day. I wish to give the reasons for saying that.

When goods in short supply are faced with higher war-time costs of distribution, suppliers tend to divert, if left to themselves, larger shares of supplies to preferred customers, and for various reasons—because of larger orders, because of the stronger financial position on an average, because of the ability of the preferred customer to pay higher prices, as the result of having higher individual ceilings in a great many cases, because of lower freight absorption, and because of other considerations favourable to the seller.

The board, in 1942, published a statement of policy, which appeared in the *Canada Gazette*, and which I think I shall have to put

on record. It will take a little time to read it into the record. But from the beginning, at least from the fall of 1941, when the ceiling policy went into effect, the board made it quite clear that there would be as equitable a distribution of supplies to all retailers, both large and small, as could be effected. The basis of that distribution was a ratable distribution of goods in short supply to 1942 customers, in proportion to their purchases during 1941. It was recognized that no base period could be completely satisfactory, on the basis of quota between areas and between outlets, but 1941 seemed to be the most satisfactory basis available.

Representations have been made to me by the hon. member for Assiniboia who knows about conditions in that part of Saskatchewan, and he argues that in that area purchases, on account of economic conditions, were limited in 1941, and that therefore the application of that formula is unjust to that area, and presumably to certain other areas in Canada.

It may be that the formula has not allowed for the increase in purchasing power in that particular part of Saskatchewan, the increase in the relative prosperity of the people. It may be that it does not allow for that factor. Other considerations have, however, been allowed—not there, necessarily—but quotas in certain designated areas have been increased to allow for the marked increase in population caused by the war, and wholesale and retail trade administrators have given individual adjustments in cases of anomaly. But the equitable distribution policy applies only to unrationed goods. Normally, under rationing, other controls—for example, the coupon flowback—meet the needs of the situation.

An analysis was made to find out the effect of what was happening to the independent stores, chain stores, and departmental and mail order stores, in respect of sales and in respect of inventories. There is a small table I should read, which was prepared from dominion bureau of statistics' figures. It shows the change in sales between December, 1941, and December, 1942. There was no increase in sales by the department and mail order stores between December, 1941, and December, 1942. Therefore the percentage of increase is zero.

Mr. DIEFENBAKER: What about the amount of supplies they had on hand in each of said years?

Mr. ILSLEY: I will come to that. I am dealing now with sales. For the general stores there was an increase of 1·7 per cent in sales in 1942 over sales in 1941. For independent stores there was an increase in sales of thirteen per cent in December, 1942, over the same month in 1941.

Now, what about the change in inventory as between those two months? For the departmental and mail order stores there was a reduction in inventory of nine per cent. For the chain stores there was a reduction in inventory of ·6 per cent. For the independents there was a reduction in inventories of one per cent. I gave some figures with regard to failures and so on when I introduced my estimates, but I should like to quote now from a speech delivered by Mr. P. K. Heywood of the Canadian retail federation at the retailers' war-time conference held in Toronto on Tuesday, April 6, 1943. The Canadian retail federation is an association made up largely, if not entirely, of small retailers. The chairman appears to be Mr. P. K. Heywood and the secretary is Mr. George S. Hougham. This is what Mr. Heywood said in his speech:

> The federation has received a large measure of recognition, both by the wartime prices and trade board and by other agencies of government and, I believe, will be increasingly consulted on the vexing problems that have to be faced in the days ahead.
>
> Now let us look for a moment at the position in which we find ourselves to-day and take a brief glimpse into the future.
>
> As is usual when any sudden changes are encountered, there are many predictions of disaster and the institution of price ceiling legislation was not without such predictions. What are the actual results? In the first place, most classes of retail business have experienced a boom in sales unequalled in modern times and all classes would have experienced a similar boom had the civilian economy been equal to the task of production while also producing for war. This we know was not possible and many lines of household appliances, hardware, tires and the entire automotive industry are, in varying degrees, casualties of this war in a civilian sense. But the total impact of the war on retailing as a whole has so far been chiefly psychological. Government regulations, merchandise deliveries and man-power shortages seemed to be enormous difficulties—but the fact remains that most stores have been doing pretty well and have had a good year in 1942, with satisfactory profits even after taxes.
>
> Many predictions have been made as to the fate of the small retailer—that his doom was sealed—that 20,000 would go out of business this year. Such publicity is most unfortunate. Even in normal times over 12,000 retailers go out of business per annum but in normal times about an equal number start in business so the total remains about the same. During the present emergency none are starting in business and many more are going out because they can find more lucrative employment in other industries. The number of empty stores appearing in most cities is not nearly as serious as it might appear.

Mr. DIEFENBAKER: How many went out of business in 1942?

Mr. ILSLEY: We have no accurate figures on that.

Mr. DIEFENBAKER: As nearly accurate as possible?

Mr. ILSLEY: I suppose I could get some figures, but they would not be accurate. The point I wish to make is that when we got some gentlemen who might be described as high-powered executives from large commercial institutions to work with the board, accusations were made that we were going to put the small retailer out of business, that decisions would be made in the interests of the departmental and chain stores as against the little fellow. It is easy to make accusations against the government or against a government agency; but the board, perhaps because of these accusations, has leaned over backward to make sure that the small retailer and the small business man of this country were fairly treated. The hon. gentleman gave an instance of tea for Indians supplied by the Hudson's Bay company. I do not know why that was done, but apparently some arrangement was made so that Indians could get tea from the Hudson's Bay company. I presume there is a good explanation for that and probably I shall be able to get it. But I want to say that there is no one from that departmental store in the employ of the wartime prices or trade board or any of its branches. If an arrangement of that kind was made, I venture to say that it was made in the interests of the Indians rather than in the interests of the Hudson's Bay company.

I should like to put on record what the board calls a statement of policy. This is not a statement of government policy since the board has no power to issue a statement of that kind. But I have authorized the publication of these statements of policy by the wartime prices and trade board, because they are what might be called statements of administrative policy. The policy is set out in the orders in council which constitute the board, but administratively they have to lay down rules and set up certain principles. This is what they said on October 13, 1942:

In the original statement of policy issued by the wartime prices and trade board in November, 1941, and from time to time thereafter, it has been stated that it is the policy of the board to require suppliers to make an equitable distribution among their established customers of any goods that are in short supply. It is not practicable to draw and incorporate in a board order any standard provisions which would fit the great number of different situations that are met in distributing various classes of goods, but the board now reiterates its policy and amplifies it in this statement. Suppliers, both manufacturers and wholesalers, should govern their actions accordingly; if necessary, however, special directives will be issued by the administrators of the board to implement in particular cases the policy herein set forth:

(1) In a large number of lines of merchandise, manufacturers and wholesalers (herein referred to as suppliers) can no longer supply the full requirements of retailers. Where this condition exists the supplier must allocate his available supply ratably among his customers to whom he sold merchandise in the year 1941. Thus, if a supplier in the year 1942 had available only 60 per cent of the goods which he distributed in 1941, each of his customers would be entitled to a quota of 60 per cent of the purchases made by that customer in 1941.

(2) When the conditions described in the preceding paragraph exist, the supplier must refuse to take on any new accounts unless he does so at the specific request of the administrator.

(3) A supplier, having his own retail sales outlet or outlets, must consider such outlet or outlets as one customer, thereby imposing the same limitations on himself as a retailer as he imposes on all his other customers.

(4) From time to time cases will arise where, due to extraordinary population increases, distribution of goods to a particular community on the basis of 1941 sales would be unreasonable. In such cases the interested retail outlets or the suppliers may apply to the administrator of retail trade or the administrator of wholesale trade for an adjustment of quotas. These administrators will investigate the situation and, if it is found that the population increase is of a magnitude sufficient to justify increased quotas, will, through the appropriate administrator, give the necessary direction to the suppliers concerned. In other cases where substantial reductions in population have occurred reductions in quotas may be prescribed by the administrators of retail or wholesale trade.

In determining the basic quotas under the provisions of paragraph (1) above, suppliers should, if possible, set aside some small percentage of the total goods available to be retained as a reserve against which to draw when they were authorized to increase quotas in particular areas as a result of population changes. For example, if a supplier expected to have available 84 per cent of goods delivered in 1941, he might use 80 per cent in establishing basic quotas. Furthermore, any unused quotas such as might result from an established customer retiring from business should be retained for the same purpose.

(5) Under their general powers, administrators have the authority to direct any supplier of goods to make deliveries of such goods to any designated person or persons. This authority will be used if the circumstances require in order to ensure an equitable distribution of goods which are in short supply. When a supplier is directed by an administrator to supply a particular customer the supplier shall do so in accordance with the terms and conditions of sale which he would have granted to the same class of customer during the basic period, September 15 to October 11, 1941. It is to be noted, however, that the extension of credit and the length of the credit period must be left to the discretion of the supplier to decide on the basis of his customer's credit standing and his own financial position, but when the supplier has decided his credit policy, prices, discounts, etc., must be such as to involve no breach of maximum price regulations.

(6) The administrator of wholesale trade or the appropriate industry administrator should be consulted when a supplier is in doubt as to

the course he should follow, or if he is contemplating any change in procedure which would represent a departure from the spirit of the policy herein set out.

Ottawa, October 6, 1942.

There are two or three ways in which the policy followed is of inestimable benefit to the independent retailer. First, there is the allocation of supplies. It is the only way in which he can get his fair share of supplies. The second benefit is in the restriction of the establishment of competitive businesses. This must be of tremendous benefit to those in business who, with a shortage of goods developing, will perhaps find their business diminishing. The board, except in exceptional circumstances, does not allow new stores to start up and divide up the business that there is. That might in itself provoke opposition and attack; it does to a certain extent. Where has freedom gone, they say, when people cannot start up in business? But the reasons are, of course, perfectly obvious. The third benefit is that if our anti-inflationary policy succeeds, no one will benefit to a greater extent than the small retailer. The small retailer in an inflationary period is in no position at all to protect himself and compete with his big competitor.

Mr. GRAYDON: I have listened with some interest to the minister's defence of his department in connection with the small retailer and those who are in big business in the retail trade. I should like to bring to his attention administrator's order No. A-752, which was issued by the wartime prices and trade board, respecting maximum prices of cheddar cheese. The order is signed by K. H. Olive, administrator of dairy products, and the order was approved by the chairman of the wartime prices and trade board and became effective on June 3, 1943, being dated at Ottawa, June 2, 1943.

On page 2 of this administrator's order this problem presents itself. Perhaps the minister will be able to clarify the situation and bring out about a proper understanding of it. Clause 3 of this order provides:

The maximum price at which a manufacturer may sell or offer to sell cheese to any person for resale at retail shall be the sum of the following.

(a) an amount equal to—

Then it goes on to itemize, for instance, an amount for paraffining; an amount for storage, insurance, and shrinkage; an amount for cutting; transportation charges from the factory shipping point to the buyer's place of business, and so on, and then it includes a mark-up —and this is the point I want to bring to the minister's attention, because this seems to be a digression from the policy which he enunciated to-night. In addition to all the other charges, the manufacturer may include:

a mark-up not exceeding the lawful markup customarily obtained by the manufacturer during the basic period from September 15 to October 11, 1941, both inclusive, on sales of cheese to the same class of customer but in any event not exceeding:

(i) ½ cent per pound on purchases from him by a retailer, who operates more than two retail places of business and a central warehouse for such place of business; or

(ii) 2½ cents per pound on sales to any other person selling cheese at retail.

It will be noted that the mark-up is ½ cent a pound to a retailer who operates more than two retail places and a central warehouse, and 2½ cents a pound—or a full two cents advance in the mark-up—on sales to any other person selling cheese at retail. The only inference that can be taken is that when a manufacturer sells or offers to sell cheese to those with more than two retail places and having a central warehouse, the mark-up can be no higher than ½ cent a pound, but that when he sells to a man who operates only one store, the mark-up may be as high as 2½ cents a pound. There is a difference of a full 2 cents in the mark-up as between sales to one class of retailer and another class. I bring that to the minister's attention because, on the face of it, it looks like a clear case of discrimination between two classes of retailers. Having in mind what the minister intimated to the committee tonight, I thought I should bring this matter to his attention.

Mr. ILSLEY: I would gather from that, that the store with more than two outlets and a central warehouse is treated as a wholesaler and gets the wholesale price instead of the retail price.

Mr. GRAYDON: The wording of the order itself denies that argument because it says:

One-half cent per pound on purchases from him by a retailer.

That is on purchases by a retailer, not by a wholesaler, who operates more than two retail places of business and has a central warehouse for such place of business.

Mr. ILSLEY: And a central warehouse, it says. It is quite usual for chain stores to be treated as wholesalers in the price-fixing system of the country. They discharge the functions of wholesalers. They have their own warehouse and distribute the goods among their branches, and therefore it is quite usual for them to get a lower price. They have higher charges because they do their own warehousing.

Mr. EDWARDS: Do I understand that if the word "warehouse" were left out of the section, it would read differently. It is two distributing stores and a warehouse, and if the retailer does not operate the warehouse he does not get as large a discount.

Mr. GRAYDON: I would not mind continuing the argument if my hon. friend is going to get into it. As a matter of fact, we might as well be frank and say that the mark-up for the chain stores can be no greater than one-half a cent a pound. To be blunt, despite the explanation of the minister and the complementary remarks of the hon. member for Calgary West, the fact remains that the mark-up for any other retailer is 2½ cents, and the arguments from time to time on this very point still stand, so far as I can see, despite the explanation which has been made.

Mr. ILSLEY: It goes back to the old contention which used to be made, that the manufacturer should not charge any lower price to groups that did their own warehousing than to those who had no warehouse. That was all fought out in the price spreads committee, and there were different opinions.

Mr. GRAYDON: What was your view? You were on the committee.

Mr. ILSLEY: I forget about that, but I recognized, I think, the practice, which is practically universal and has been followed all through the years, of manufacturers giving a department store, a wholesaler, a chain store, and people who do their own warehousing or discharge the functions of a wholesaler a lower price than that at which they would sell direct to the retailer who did not discharge that function.

Mr. ESLING: The interest of the minister is asked in a specific case of the administration of an order which not only results in hardship on the importer but is manifestly unjust. It will be recalled that in December last there was a broadcast, with some satisfaction to the corporation and with more satisfaction to the consumer, that oranges would be eligible for a subsidy, and the order was communicated to wholesalers. In the city of Trail there is a wholesale importing firm which does not resort to the railroads. Twice a week they go to the market in Spokane, which is the distributing centre for jobbers along the international boundary, and then they bring back their supplies, which, it will be readily seen, must be much fresher than those which come in the ordinary course by train. When this order came over the radio, the representative of the prices board resident in Trail informed this particular wholesaler that he must reduce his price, which he did. He brought in three lots of oranges, and presented his application for his subsidy. Up to the time when the second lot was brought in, the representative of the board had not received any instructions as to the terms or conditions under which that subsidy would be granted, with the result that when the firm's application went in, the firm was told that the subsidy could not be paid to it for the reason that the application was not covered by the terms and conditions of the order of the board.

What was the firm to do? The representative had had no instructions; this firm acted in good faith, and the matter has been pending ever since last December, for the reason that the application was required to show, in order to cover the bonus, that these oranges were brought in, in carload lots, and that the importer had title at the source of production. What is a wholesaler on a small scale to do where he cannot afford to bring in carload lots? The nearest point to the interior where carload lots would be brought in would, I think, be Vancouver, 500 miles away, with two freights for the wholesaler to pay. This man complied with the principle of the order, which was to reduce the cost to the consumer. He has reduced the cost; he is out to the amount of his reduction on all three lots of oranges brought in, and yet up to to-day, notwithstanding the efforts of the representative of the prices board to secure an adjustment of the matter, that firm is still out of pocket. It is a small firm; it has been in operation for four years; its capital is limited, and it cannot very well stand the loss, nor can it afford to bring in oranges in carload lots.

It certainly means that communities in which there is not a large consumption must pay the old price and not have the benefit of the subsidy. I ask the minister if he does not think there is a direct injustice imposed, not only upon that importer, but upon the consumers in small communities.

Mr. ILSLEY: I do not know anything about that case. I will take it up with the commodity prices stabilization corporation. I assume there is some explanation there. I have here a statement, though probably I had better not stop to read it, showing the treatment of oranges. We did not undertake to pay any subsidy, to start with, on oranges; we simply removed the duty; but later at some stage a subsidy was arranged for on carload shipments. I should not like to express any opinion about this case until I look it up in *Hansard* and bring it to the attention of the commodity prices stabilization corporation. If

the hon. gentleman would like to take it up with them direct, I am sure that they would give him every courtesy and consideration in discussing it with him and dealing with it.

Mr. ESLING: I should like to impress upon the minister that the department's own representative has not been able to get this adjustment, although he has been trying to do so ever since December.

Mr. DIEFENBAKER: I think all of us must congratulate the hon. member who has just taken his seat upon the clarity with which he presents his argument, depending as he does upon someone to read to him.

There are a number of questions I should like to ask the minister, arising out of his statement. They are these:

In how many cases has an order been made directing that a quota be given to a retailer who had complained that he was not receiving his proper share of goods?

How many retail stores in Canada have been allowed to commence business since the order was made freezing the stores then in existence? I should like that information by provinces.

Also I would press upon the minister the necessity of answering the question I asked a while ago, namely, how many retail stores closed in the year 1942. Information must be available. The minister was able from the reading of a speech by one of the officials of the retailers' association to say that a certain number each year were expected to close up in the ordinary normal flow of business, and that usually that number was compensated for by the number of new businesses which opened up. That being so, the information must be available, and I would appreciate being informed as to how many retail stores have closed down. That answer will indicate whether or not there is anything to the argument that retail stores are greatly diminishing in number and importance throughout the country.

Mr. ILSLEY: I will get as much of that information as I can for the hon. gentleman and present it to-morrow.

Mr. ROSS (Souris): The minister has said that no new business can be undertaken without a permit. If a man engaged in general hardware decides to take on household furnishings, would that not be permissible?

Mr. ILSLEY: He cannot do that without a permit.

Mr. GRAYDON: What is the regulation with regard to the delivery of ice throughout the country? Is there a definite restriction, and to what extent does it apply?

Mr. ABBOTT: Two or three weeks ago I made an announcement on that question. It was restricted to two deliveries a week—I speak from memory—and was extended by order of the board to six deliveries a week to residential customers. That order was to be effective from the 1st of June until the 1st of October.

Mr. GRAYDON: The parliamentary assistant will find, I think, that it was originally three days a week, and not two, as he states.

Mr. ABBOTT: Yes; it was three.

Mr. GRAYDON: If it has been changed to six, there is no point in the question I was going to ask.

Mr. ABBOTT: The hon. member for Shefford raised the question, and it was brought to the attention of the minister.

Mr. TUSTIN: Since the rationing of meat, the retail butchers' stores have had a coupon bank in their local banks and they make purchases against the coupons banked with that institution. I am given to understand that in cutting up a carcase of beef there is anywhere from 75 to 100 pounds of waste. Has the board considered making an allowance for that waste to the retail butchers? If not, will consideration be given that matter?

Mr. ILSLEY: My information is that the most detailed and careful consideration has been given and that a schedule of tolerances has been published.

Mr. SHAW: I should like to have a statement from the minister with regard to the utilization of commodities which retail outlets are permitted to procure and which remain on their shelves for a considerable time. I come from an area where the lumbering industry is carried on extensively and where railroad ties, cordwood and so on are produced. I refer to the Rocky Mountain House area of Alberta. Rocky Mountain House itself serves a vast area and a tremendous industry, an industry producing commodities which are most essential to the prosecution of the war. They are having the most extreme difficulty in procuring equipment to carry on the industry. For example, they find it very difficult to obtain saws. The quota is ninety per cent less than pre-war stocks and their ability to produce is severely jeopardized. The board of trade of that town has communicated with me by resolution and by letter pointing out that there are communities of which they are aware which are securing ten per cent, as they are, of the pre-war quantities of such necessary tools, notwithstanding that the need does not exist for these tools in those communities. I

would assume from their letter that they are of the opinion that some check should be made upon these retail outlets, who are securing the allotment to which they are entitled but are not putting those commodities to use, though they are definitely required in some other area such as the one to which I have referred. What check is made upon the use of these tools that are allowed to go to these retail outlets?

Mr. ILSLEY: The suggestion, as I understand it, is that these retailers get certain stocks which they do not need but to which they are entitled. Because they are entitled to a quota they get such stocks and keep them, though they do not sell them for some reason or another. Is that the suggestion?

Mr. SHAW: Take Swede saws, for example, which are in popular demand in that area. In some areas you will see them on the retail shelf for a period of two years. The retailer procures them because he feels that he is entitled to a certain quota, but no purchaser comes to demand them, and he keeps them there. I say that a commodity such as a Swede saw, for which there is such a demand in the area that I have referred to, should be sold where it is needed. There should be some claim on that article where it is required, and the board should endeavour to see that such articles are placed where there is a shortage and where they will be made use of.

Mr. ILSLEY: There is some machinery for the exchange of dormant stocks. I do not know much about it, but I will get some information in that regard. I should be surprised if what the hon. member describes as a condition is a prevalent one, because the retailer does not have to take his quota, and he would hesitate before buying something in which his capital would be tied up for two or three years if he could not dispose of it.

Mr. SHAW: In the hardware line that happens frequently. Stocks are carried for two or three years, especially if the dealer thinks it may become more difficult to procure such stocks in the months ahead. Be that as it may, let us take the situation at Rocky Mountain House, where commodities such as I have mentioned are produced. Since production is jeopardized—users having encountered a ninety per cent reduction in the volume of the tools that are necessary to their production—what should dealers do in order to have their quota increased? What would be the procedure for them to follow?

[Mr. Shaw.]

Mr. ILSLEY: They should apply to the retail or wholesale trade administrator. If the stocks are available, there is jurisdiction under the order to increase quotas under certain circumstances. I would not give any undertaking that they would be increased, but that is the procedure to follow. There is a bulletin dated June 15, 1943, called the "Wholesalers' Bulletin," which gives instructions about this whole matter. One of the sections has to do with increased quotas for selected areas, and it has notes on alternative systems for distributing goods on the quota basis, and so on.

I keep undertaking to give information later on, and I want to carry out that undertaking. The hon. member for Mackenzie asked me this afternoon to say something about the truck distribution of soft drinks and beers. The purpose of the trucking restrictions is to secure economical and efficient transportation. Before the restrictions were put in force a very large part of the distribution of beer and soft drinks was handled by trucks. By a combination of the thirty-five mile limit and gasoline rationing, the reduction in the miles travelled has approximated sixty per cent. In the administration of the thirty-five mile limit, permits for 203 beer trucks and 222 soft drink trucks have been granted in individual cases where the administration was satisfied that it was efficient to do so. One factor taken into account in reviewing applications for permits is whether or not a full load will be carried on the round trip. Many trucks are loaded only when making deliveries and are empty on the return trip. Soft drink and beer trucks normally carry a full return load of empty bottles. There are a great many factors to be considered in any particular case; but by way of illustration, rather than explanation, a number of permits have been granted to permit deliveries to army camps.

This afternoon the hon. member for Peterborough West read a letter which was sent by a wholesaler to a retail customer, if I understood it correctly, in which he purported to quote an order of the wartime prices and trade board to the effect that certain kinds of cloth were to be used for making suits of clothes for members of the air force only and not for members of the other two services, and the hon. member asked for an explanation of that order. I have had inquiries made, but no one in the wartime prices and trade board seems to know anything about any such order. They have no record of it at all, so that I shall have to ask the hon. member to get a little more information. If he can direct me to the order; if he can give the number, or

tell me who issued it, I shall trace it further, but it may be that the wholesaler in question made a mistake when he said it was an order of the wartime prices and trade board.

Mr. ROSS (St. Paul's): Has the minister given consideration to making it possible under certain circumstances to cut a ration coupon in two? Sometimes they do not fit in properly, and it has been suggested that it might be advisable to be able to split them.

Mr. ILSLEY: For what commodity?

Mr. ROSS (St. Paul's): I cannot say which one.

Mr. ILSLEY: The coupons have been worked down to call for a normal sized package. For instance, I should not think anyone would want to use half a tea coupon, since a tea coupon is good for only two ounces in any case. In the same way, I do not think anyone would want to split a butter coupon.

Mr. COLDWELL: What about meat?

Mr. ILSLEY: Well, the weekly ration is split; there are two coupons a week.

Mr. COLDWELL: This is what I mean. If you go into a store to buy a roast of beef and it comes to say, four and a half pounds, the butcher will ask you to take half a pound of bacon, or something like that, to fill out the coupon. My observation is that sometimes you are tempted to buy something you really do not need.

Mr. ROSS (St. Paul's): I had two things in mind, and one of them was the point mentioned by the hon. member for Rosetown-Biggar. The other is this. I would not advocate that a person should be permitted to use half a coupon by itself, but when you make a purchase of meat which requires two and a half coupons, either you buy more than you require or you buy something that you do not want. The only other alternative is to waste that half coupon. This was brought to my attention, and it appeared to me that something might be done about it.

Mr. ILSLEY: It is just a question of how finely you should divide it. Certainly it would complicate the banking arrangements quite a lot to have a much larger number of pieces of paper. A great deal of thought has been given to this subject.

Mr. COLDWELL: Is anything being done with regard to the meat used for sausages and hamburg, which we discussed here some time ago?

Mr. ABBOTT: I have a memorandum on that matter which I seem to have mislaid. A check was made at the various regional offices of the board, and it was found that there was very little waste in connection with either sausages or hamburg. There were four or five areas, among them Ottawa and London, Ontario, which did report that in the first week or two there seemed to be a considerable surplus of sausages and perhaps some waste, but the general report throughout the country was that there was no abnormal waste.

Mr. COLDWELL: Did that apply also to the meat going into hamburg?

Mr. ABBOTT: Yes.

Mr. HARRIS (Danforth): A very thorough check was made by the officials of the Toronto district, and after canvassing the situation very carefully they were of opinion that the waste is nothing more than normal for this season of the year. The hon. member for Prince Edward-Lennox raised a question to which the minister said he would give some consideration. I just want to place on record my view that the only proper way of handling this situation is that now employed, the method of allowing a tolerance. If we were to try to ration the waste, the task would be almost impossible, principally because the waste is not all in connection with one commodity. There are many varieties of waste, perhaps not all pertaining to the commodity for which the ration ticket was issued, and there would be no way of separating one kind of waste, coming from a rationed product, from another kind coming from a non-rationed product. So that if you tried to issue ration coupons for waste, you would have confusion worse confounded. You might better continue to control the situation by allowing a definite tolerance on the rationed article, rather than to try to issue coupons for the waste.

Mr. NOSEWORTHY: Can the minister give any information with regard to the restrictions on the delivery of bread beyond the thirty-five mile limit, either by truck or by rail, from bakeries in cities and towns?

Mr. ILSLEY: I have no information on that matter with me at the moment. If this item goes through, I think I could give that information on the next item without doing any great violence to the rules.

Item agreed to.

Progress reported.

On motion of Mr. Mackenzie (Vancouver Centre) the house adjourned at 11.03 p.m., until 11 a.m., Thursday, July 8.

Thursday, July 8, 1943

The house met at eleven o'clock.

REPORTS OF COMMITTEES

MISCELLANEOUS PRIVATE BILLS

Sixth report of standing committee on miscellaneous private bills.—Mr. Donnelly.

SOCIAL SECURITY—CONCURRENCE IN SECOND REPORT

Hon. CYRUS MACMILLAN (Queens) presented the second report of special committee on social security, and moved:

That the second report of the special committee on social security, presented this day, asking for leave to sit while the house is sitting, be concurred in.

Motion agreed to.

OIL SHALES

NEW BRUNSWICK—REPORT OF INVESTIGATIONS BY MINES AND GEOLOGY BRANCH

Hon. T. A. CRERAR (Minister of Mines and Resources): I wish to lay on the table the report of the investigations into New Brunswick oil shales which were conducted by the mines and geology branch of the Department of Mines and Resources.

Mr. MacNICOL: Will a copy of this report be sent to each member?

Mr. CRERAR: The report was made just a short time ago, and I am tabling it.

Mr. GRAYDON: The hon. member is asking whether copies will be available.

Mr. CRERAR: We have only two or three copies, and it is a voluminous report. I suppose I could have additional copies made. I shall make inquiry and advise my hon. friend.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 120, for the relief of Ethel Wendman Lebenstein.—Mr. Boucher.

Bill No. 121, for the relief of John Preble Macintosh.—Mr. Abbott.

Bill No. 122, for the relief of Sonia Libenstein Kolber.—Mr. Whitman.

Bill No. 123, for the relief of Gilberte Piché Ouimet.—Mr. Macdonald (Brantford City).

Bill No. 124, for the relief of Irene Maud Pardellian Wright.—Mr. MacInnis.

Bill No. 125, for the relief of May Gertrude Russell McCarthy.—Mr. Hill.

Bill No. 126, for the relief of Geraldine Charlotte Wrangel.—Mr. Abbott.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GOLD PRODUCTION

Mr. MacINNIS:

What was the total production of gold, in ounces, for each year from 1930 to 1942?

Mr. MacKINNON (Edmonton West):

Production of Gold in Canada, 1930-1942

Year	Fine ounces
1930	2,102,068
1931	2,693,892
1932	3,044,387
1933	2,949,309
1934	2,972,074
1935	3,284,890
1936	3,748,028
1937	4,096,213
1938	4,725,117
1939	5,094,379
1940	5,311,145
1941	5,345,179
1942*	4,829,815

*Subject to revision.

LEAGUE OF NATIONS

Mr. HANSELL:

1. Is there a membership fee paid to the league of nations, and if so, what was the fee paid by Canada for each year during which Canada held membership?

2. What was the total amount paid by Canada for the years 1932 to 1942 on account of the league of nations?

3. How much of this was chargeable to the international labour organization?

Mr. MACKENZIE KING:

1. There is no "membership fee" paid by member states of the League of Nations. The expenses of the league secretariat, the international labour office and the permanent court of international justice as set forth in the annual budget of the League of Nations are allocated between the member states according to an agreed scale. Each member state pays a single contribution to the secretary-general of the League of Nations which includes that portion of the contribution devoted to the international labour office and the permanent court of international justice.

2.

Year	Total Cost
1919-20	$ 87,728 58
1920-21	223,730 09
1921-22	209,427 07
1922-23	223,177 66
1923-24	200,356 66
1924-25	195,620 30
1925-26	195,345 83
1926-27	190,268 08
1927-28	204,213 77
1928-29	216,507 14
1929-30	234,808 96
1930-31	251,694 46
1931-32	311,600 67
1932-33	277,936 52
1933-34	389,891 97
1934-35	404,732 02
1935-36	423,572 29
1936-37	397,251 37
1937-38	328,638 08
1938-39	311,318 61
1939-40	292,417 23
1940-41	258,610 63
1941-42	189,920 76
1942-43	184,255 74

3. As stated in the answer to No. 1, member states pay a consolidated contribution and are not separately assessed for their contribution to the international labour office. In 1939 the budget of the international labour office made up 26·04 per cent of the total league budget. This proportion increased in 1942 to 32·85 per cent and in 1943 to 40·29 per cent.

CIVIL SERVICE ADVISORY COMMITTEE

Mr. BOUCHER:

1. What matters was the committee under the chairmanship of H. J. Coon instructed to investigate?
2. What was the personnel of the committee, and whom of its members were civil servants or members of the civil service commission?
3. What changes in the civil service were recommended?
4. What recommendations of this committee have been acted upon by the government?
5. Are further steps being taken to implement the recommendations of this committee? If so, in what respects are such steps being taken?

Mr. ABBOTT:

1. See P.C. 2/584, dated January 23, 1943, sessional paper No. 108-A, tabled in the House of Commons on April 12, 1943.

2. H. J. Coon, Executive Assistant, head office, Bank of Nova Scotia; C. H. Bland, Chairman, Civil Service Commission; B. J. Roberts, Member, National Harbours Board; A. Thivierge, Civil Service Commissioner; W. C. Ronson, Assistant Deputy Minister of Finance.

3, 4 and 5. As stated in the House of Commons on June 7, 1943, the recommendations of this committee are considered by the government to be confidential.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MILITARY TRAINING OF STUDENTS AT COLLEGES AND UNIVERSITIES

Mr. DIEFENBAKER:

1. What has been the expenditure to date in connection with the military training of students in course at each of the colleges and universities in Canada?
2. Do civilian instructors receive payment?
3. Does the department pay students taking courses in, (a) reserve training units; (b) officers' training courses? If so, how much?

Mr. MACDONALD (Halifax): Return tabled.

WINDSOR, N.S., EMBARKATION TRANSIT DEPOT

Mr. PURDY:

1. Was preliminary work such as construction of roads, temporary ditching, stream diversion, etc., in connection with embarkation transit depot, Windsor, N.S., carried out by the Department of National Defence, military or civilian personnel?
2. If so, was Lieutenant James K. Garner (alias Lee), Royal Canadian Engineers, employed to direct and supervise this work?
3. Did Ralph and Arthur Parsons Company, of Windsor, N.S., have any connection with this work directly or indirectly?
4. If so, in what capacity?
5. Was plant machinery or equipment rented from Ralph and Arthur Parsons Company?
6. If so, what were the total rentals paid this firm for plant machinery and/or equipment?
7. What was total rental for each unit?
8. How much was paid this company for supervision?
9. Was rental of power shovels and other equipment on basis of complete operating cost?
10. Was the time of defence personnel and defence materials used by Ralph and Arthur Parsons Company covering repairs and overhaul of plant and machinery charged to and paid for by Ralph and Arthur Parsons Company?
11. If so, what was the amount so charged or paid for this work?

CANADIAN FORCES—PERCENTAGE OF INTAKE TO MALE POPULATION

Mr. PURDY:

As at June 30, and by military districts, what has been the total intake of men into the armed forces since the outbreak of war, and what percentage do these figures bear to the male population in the military age group in each district?

PRESS CENSORSHIP

Mr. CHURCH:

1. What has been the annual cost of press censorship since the beginning of the war?
2. Who are the press censors, (a) in Ottawa; (b) in Toronto, and what experience have they had for such work?

3. Who appointed them, and what are their salaries, travelling expenses and all other emoluments?
4. Have daily *Hansards* been censored?
5. If so, by whom, why, and under what law, statute, custom or usage?

IMMIGRATION

Mr. CHURCH:

1. How many immigrants came to Canada, by years, since the war began, (a) from Great Britain; (b) from the United States of America; (c) from the British dominions and colonies; (d) from the continent of Europe; (e) from elsewhere?
2. What is being done to promote immigration from Great Britain, (a) during the balance of the war; (b) after it is over?

Mr. CRERAR: Mr. Speaker, I think this question had better be made an order for a return, because the information asked for in the first part of the question will have to be obtained from the statistics branch of the Department of Trade and Commerce, and it may be some considerable time before the return can be brought down because the form in which the question is asked does not correspond with the manner in which the records are kept. A great deal of work is involved in providing the information, but it will be brought down as soon as possible.

Mr. CHURCH: We are in the fourth year of the war and some statement should be made to the house on this question.

Mr. GRAYDON: May I ask if the minister means that we shall not be able to get the return this session?

Mr. CRERAR: That depends on when the session closes. I am pointing out that the form in which the first part of the question is asked involves a very considerable amount of work in getting the data together, but it will be proceeded with as rapidly as possible. The second part of the question raises a question of government policy, which policy will be made known in due course.

FARM LABOUR

VOLUNTARY WORKERS—INCOME TAX DEDUCTIONS

On the orders of the day:

Mr. H. A. MacKENZIE (Lambton-Kent): Mr. Speaker, I wish to direct a question to the Minister of National Revenue. Harvest is now due in Canada and farm help is very difficult to get. Many of these workers will come as volunteers from towns and cities and work part time, perhaps in the afternoon or evening. Will the wages paid to these voluntary farm workers be subject to the income tax, and if so, what part does the farmer play in it?

[Mr. Church.]

Hon. C. W. G. GIBSON (Minister of National Revenue): All wages are subject to income tax, but as to wages paid to temporary help on farms, such as students working in the summer, the farmers are notified that no deductions need be made in such cases where the amount earned during the summer will not come up to the taxable level. That is, the farmers do not have to make deductions in the case of temporary help engaged for short periods during the summer.

INTERNATIONAL RELIEF

DRAFT AGREEMENT FOR UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I wish to direct a question to the Prime Minister, based on a Canadian Press dispatch from Washington, dated July 6, in which the statement is made that a draft agreement has been submitted by the Big Four to Canada and that the Canadian government reply to the draft agreement has been delivered to the state department at Washington. Will the Prime Minister table a copy of that agreement at an early day, and will he give the house an opportunity to discuss this draft agreement and determine whether or not it is a treaty?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend sent me a copy of his question, and I have been asking myself ever since what agreement in particular it has reference to. I assume it is the draft agreement for united nations relief and rehabilitation administration. Is that what my hon. friend had reference to?

Mr. BLACKMORE: The press dispatch was not very clear, so that I merely asked regarding the draft agreement mentioned in the press dispatch. I presumed that the mention of the press dispatch would identify the agreement.

Mr. MACKENZIE KING: My hon. friend's question is not any clearer. If he cannot tell me what draft agreement he wishes to know about, I am afraid I cannot answer him. I imagine that what he has reference to is the draft agreement for united nations relief and rehabilitation administration. If that is so, I tabled that agreement on June 18 and asked that it be printed in *Votes and Proceedings* of that day. My hon. friend will find it printed there.

Mr. BLACKMORE: I was endeavouring to find out whether that was the agreement referred to in the dispatch.

Mr. MACKENZIE KING: I think it is.

GENERAL GIRAUD

ACCEPTANCE OF INVITATION TO VISIT CANADA

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Hon. members will have observed that General Giraud is at present in the United States. I might inform the house that about a month ago, when I learned of the possibility of General Giraud's visit to the United States, I had a communication sent to the general through the United Kingdom resident minister at Algiers expressing the hope it would be possible for him to visit Canada at the time he might be on this continent. I received shortly afterwards a reply from General Giraud saying that he would be happy to endeavour to arrange to visit Canada if and when he visited the United States. I have since learned that there is every probability that General Giraud will visit Canada in the course of the next week or ten days.

COAL

REQUEST FOR STATEMENT ON RESTRICTION OF DELIVERIES

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I wish to ask a question with respect to the deliveries of coal. Last month the minister announced that he was considering a request which the Canadian Retail Coal Dealers' association had made at a meeting at Toronto, that, in order to conserve supplies, coal deliveries be restricted to 70 per cent of last year's deliveries. I would ask the parliamentary assistant in the absence of the minister if he will be in a position to make a statement to-morrow in regard to this urgent and important matter.

Mr. LIONEL CHEVRIER (Parliamentary Assistant to the Minister of Munitions and Supply): I believe the minister has already covered that to some extent, on one if not on two occasions. However, I shall bring the matter to his attention to-morrow and see if there is not a possibility of getting an answer for my hon. friend.

SUPPLY

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

AGRICULTURE

Special.

31. To provide for wheat acreage reduction payments for administration expenses in connection therewith, and for temporary appointments that may be required notwithstanding anything contained in the Civil Service Act, $4,265,000.

Mr. PERLEY: When we were on item 29, Prairie Farm Rehabilitation Act and water storage, I asked the minister if he would table a supplementary report giving the names of the field men and the rod men who were working under the survey in the Qu'Appelle Valley. He said he would.

Hon. J. G. GARDINER (Minister of Agriculture): I have a number of statements I wish to make; but, in answer to the question just raised, I think the suggestion made by the hon. member for Qu'Appelle that I should obtain the post office addresses of men who are employed on the Qu'Appelle Valley projects in connection with surveys, I shall have to get those addresses from the Regina office; I have not got them up to date. The addresses which are given on the return that came through some time ago are their present addresses, wherever they happen to be working from. The local addresses I shall have to get from the offices.

There are two or three statements which I agreed to make the other evening when we were on the war appropriation which do affect somewhat these estimates as well, and one which I have been asked to make as a result of statements in connection with the movement of grain.

A Canadian Press report appeared, following the discussions the other day, in these words:

Hon. J. G. Gardiner, agricultural minister, told the commons last night that due to the lack of transportation facilities less than one hundred million bushels of Canadian wheat have been moved to the United States, although there is a market for two hundred million bushels.

The word there should not be "wheat" but "coarse grains" or "feed grains." The matter under discussion was not wheat, but feed grain.

The dispatch continues:

Replying to questions from M. J. Coldwell, C.C.F. leader—

I do not know, Mr. Chairman, whether you can hear me; I can hardly hear myself.

The CHAIRMAN: Order.

Mr. CASTLEDEN: Does that "feed grain" include wheat?

Mr. GARDINER: I was talking about oats and barley. To make it absolutely plain, when I spoke of 200 million bushels I was not talking of wheat at all; it was oats and barley.

Replying to questions from M. J. Coldwell, C.C.F. leader, Mr. Gardiner said both Canada and the United States were handicapped by lack of railway cars and lake shipping facilities to take Canadian wheat to American markets.

Some grain cars were made available to Canadian railways to carry wheat to the head of the lakes, whence to be shipped to United States buyers, particularly in Maine and other eastern states.

The point is this, that before completing that statement the other evening I said that the railway companies were doing a particularly good job under all the circumstances. That does not appear in the press report. As a result of this report going out I had communications from both the railways pointing out the job that they had done up to the moment, and I would like to place on the record the substance of that report, so that what has been done will be known:

Grain of all kinds moved from lake head since April 26, 1943, by water to July 5, 1943, 111,838,000 bushels as against 92,408,000 bushels from March 30, 1942, or 19,430,000 bushels more in 1943 than in 1942. That is of all grain, wheat and feed grain as well, they have moved this year 19,430,000 bushels more in the same period of time, that is from the opening of the lakes up to the present time, than they did a year ago.

Then, loaded at head of the lakes for all rail movement to eastern ports, August 1, 1942, to date, 30,000 carloads as against 19,200 carloads in 1941-42.

To-day held unloaded on track, Canadian Pacific, 3,000 cars at lake head, 3,000 cars at Winnipeg, 3,500 at other points, making a total of 9,500 cars on track: Canadian National, 2,000 cars at lake head; 1,854 cars at other points, making a total of 3,854.

Then, to American ports, Buffalo, 33,673,000 bushels, and to other points, 19,172,000 bushels, or 52,845,000 bushels have been moved to the United States ports.

The total of 111,838,000 bushels is divided as follows: United States ports, 52,845,000 bushels; Canadian ports, 58,993,000 bushels.

I repeat that that is since April 26, 1943 down to the present. I would like to repeat what I said on the previous occasion, with these facts before the committee, that we consider that a particularly good job has been done by the railways. But the fact still remains that we have 200,000,000 bushels of oats and barley from last year's crop which ought to be moved out of western Canada and should have been moved by some means if it were at all possible before the new crop came in, and hon. members can see the importance of getting that down between now and the middle of August. As I stated the other day, the problem is obviously a transportation problem, and I am not blaming the railways for that; I am only saying that we have an unusually large amount of feed grain in this country which we should have liked to see moved to the United States and eastern Canada, and so far no one has found it possible to move it.

[The Chairman.]

Mr. PERLEY: In what part of the provinces is most of this feed grain?

Mr. GARDINER: It is all over the three prairie provinces. As my hon. friend knows, a very considerable part of it is still out on the fields, not under cover. What I am trying to do is to overcome some of the things that are being stated. For example, I have here an editorial which appeared in the *Financial Post* which came to my table just this morning, entitled "He takes credit from heaven". The article goes on to say that I am continuously drumming away about this surplus of feed grain that we have and implying that there is no trouble about feeding the people of Canada next winter, and that it was heaven that gave us this crop and we ought to be more concerned about it. Well, right at the moment I am concerned about getting a place to put the next crop so that it will not be lying out under heaven but will be under a roof some place, and I would like the assistance of the *Financial Post* and a few other of these periodicals in getting that done rather than saying all the time that we want something else done.

Mr. PERLEY: The grain exchange are not worrying very much about it, judging from the way they are boosting the price.

Mr. GARDINER: The grain exchange can make money only by getting the grain transported from one place to some other place. They cannot get money while it is lying on the farm and not moving, and therefore I presume they are as anxious as anyone else to get that grain moving. Everybody in the west wants to get it moving and we want the help of everyone towards this end.

Mr. MacNICOL: How many hundred million bushels are lying there?

Mr. GARDINER: All the grain we have fed in Canada before amounted to half a billion bushels of oats and barley. Last year

we produced a billion bushels. In other words, we produced twice as much as we had fed before, and we agreed last fall to try to put 200,000,000 bushels of that into the United States. That would still leave us with 300,000,000 bushels more than we had the year before to feed all our live stock, and we wanted to keep that as a reserve. To date we have not been able to move half of it and we are within a month of our new crop. I would emphasize that we do want the assistance of all the shipping people, all the railway people and all the newspapers in Canada to try to get that grain moved to the United States where they tell us there is a shortage of feed grain. That is the only way the farmers can get money out of it.

Mr. ROSS (Souris): The United States could take all of it if it could be transported. The only difficulty is lack of transportation.

Mr. GARDINER: Yes, lack of sufficient transportation. We are not criticizing the railways. Somebody is asking the railways to move munitions, guns and other supplies, and in spite of that they are moving more grain than they did before. The problem of the farmers in getting their stock fed involves the moving of that grain out of these piles on the fields to the places where the stock is, and there is only one way of doing that, namely, by railway and boat.

Mr. SENN: Is there also a demand in eastern Canada which cannot be filled because of lack of transportation?

Mr. GARDINER: Yes. There is a demand. I do not know that there is any great suffering at the moment, but unless we can get a very considerable volume of that grain moved this summer into storages there will be trouble next winter. That trouble will not have anything to do with what heaven does this year with the crop. That grain is there and we want it moved to the east and put into storage elevators, and an order in council has already been passed by the government putting up money to cover the extra cost.

Mr. SENN: What cost?

Mr. GARDINER: Any extra cost to hold the grain between the time it is shipped down and the time it would be shipped under ordinary circumstances.

Mr. SENN: Is there not another difficulty in the financing of the grain to hold it in storage? There is not a sufficiency of funds available, particularly among the farmers, to purchase the grain and keep it in storage until next winter's feeding.

Mr. GARDINER: An order has already been passed and there is an order now under consideration, which I hope will be passed in some form in due course and which is known to the trade and others who will be handling this business, and that will take care of the problem of providing for grain being moved down. So far as the financing of that kind of thing is concerned, the trade is prepared to finance it provided the government is willing to take care of the extra charges that would be involved by reason of shipping it now instead of waiting until next January or February, and we are attempting to provide for that under the arrangements that are being made. I wish to make that clear to the committee before we discuss the other statement I had intended putting on the record.

Mr. ROSS (Souris): Is there an abundance of grain available in Fort William to people who need it? I was talking to one dealer a few days ago and he said he had difficulty at that time in getting sufficient oats or barley from Fort William for his customers.

Mr. GARDINER: There was difficulty last winter, in spite of these figures which indicate that very much more was being moved; notwithstanding the difficult winter we had, the railways moved more grain than they had been accustomed to moving—very much more—owing to the fact that there is much more live stock being fed this year. In addition there is a poor grain crop in the eastern part of Canada; at any rate they anticipate a poor crop because of the late seeding. Because we are afraid of that we have made every possible arrangement and everyone is trying to cooperate in getting that grain put down here. Moreover, we are trying to develop some means of encouraging the farmers to take it from the feeder and put it into their own storage. All that is involved in the orders I spoke of a moment ago, and we believe that a very considerable amount of grain will be moved down before the freeze-up this fall, and put into storage here, to supply the farmers. It is true, as represented to the hon. member for Souris, that there will be different localities in the east that will now have trouble because this grain did not get down in sufficient quantities last winter or the early part of this season.

Mr. SENN: I believe I raised the point the other day about the anticipation of a shortage of feed in Ontario and eastern Canada, and also the question of the price that will be charged to feeders in eastern Canada. If it is brought down and left in the hands of the trade the trade can perhaps

charge the farmers what they like. There is a ceiling on feed grain, but after it is processed and made into chop for feeding, is any precaution being taken to see that the farmer does not pay a very high price for it? That would probably come under the wartime prices and trade board, from the point of view of prices.

Mr. GARDINER: My understanding is that the grains themselves are all under a ceiling and it is impossible for dealers to collect freight on the grain shipped from Fort William unless they abide absolutely by these regulations. In addition to that, there are ceilings on such things as mill feeds, and I understand that there are ceilings on the other feeds as well. I did not want to be too certain about that, but there are ceilings so far as our activities with them are concerned. They cannot collect freight unless they sell with the price margins as between what they obtain the product for and what it cost to market it. We have to be satisfied on that question, before paying freight which does establish a ceiling.

Mr. SENN: So long as the farmers are protected I do not care. That is all I am worrying about.

Mr. GARDINER: That is what we are trying to do, and if there are cases where that is not being done I should like to have a report regarding them.

Mr. CASTLEDEN: Would it not facilitate matters with regard to this whole situation if the grain board handled all this grain instead of letting the grain exchange in Winnipeg operate?

Mr. GARDINER: Of course if the grain board were going to handle it all they would have to set up agencies all over eastern Canada. I do not want to enter into a discussion of the question whether it is better to have grain handled by a government board or otherwise, but the facilities are all set up in eastern Canada, through feed dealers at every small point throughout the farming area, and we have been utilizing that machinery to distribute this grain. They have had their contacts with different grain companies from which they get their grain, and the business is being done much in the manner in which it was done before the war. But it is being done under regulations, and we are keeping a check on the margins that do exist between the cost of grain and the selling price of the product. We are keeping a check on these margins with the idea of keeping down the cost of producing food in Canada. Our object is to keep down the price of feed to the farmer in eastern Canada, and so far as it is necessary to take care of the western farmer we are allowing him to participate in the price of any grain which is shipped out of Canada, spreading that participation over all those who sell oats or barley in western Canada, whether it is shipped east or to the United States. So that the man who supplies an eastern Canadian farmer, under the ceiling, will eventually get the same price for his grain as the man who supplies the United States market with grain.

Mr. CASTLEDEN: If the grain board does not ship grain out of Canada, how will the farmer participate in that?

Mr. GARDINER: The grain board issues a permit to anyone who ships grain out, and they have to pay the difference between the Canadian market and the United States market.

Mr. CASTLEDEN: But that does not include the higher grades of wheat.

Mr. GARDINER: No; the higher grades of wheat are selling in the United States higher than the market price in Canada. As to wheat that has been delivered to the board, the advance is the same whether it is finally sold in the United States or not. If it is sold at a profit in the United States, participation certificates take care of the producer's interests.

Mr. CASTLEDEN: But grain is paying a dollar in the grain exchange at Winnipeg, or, as the minister said the other day, $1.02. If the board is handling it, whatever was received from the United States would go direct to the farmer.

Mr. GARDINER: One has to remember that the farmers always deliver their grain to the wheat board as long as the advance paid by the wheat board is higher than the market price. And up until a certain date practically all, if not all the wheat, was delivered to the board. Then at a certain time the price rose above 90 cents. In fact it has gone up to about $1.02. Since that time practically all the grain is being delivered to the trade. That is just a choice that is made by the farmer; it is not made by the government. They must make a choice of one or two things. They can either deliver the wheat to the board and get the ninety cents advance, taking advantage of the participation certificate for collection later, or they can deliver to the trade. They have their reasons for delivering to the trade. I do not wish to discuss them at the moment. But the great majority of them, as soon as the price goes above the advance, deliver to the trade. The trade has been selling that wheat

as they bought it, and probably some of it is offered by the board on the market. The wheat which is delivered by the board on the market will be getting ten cents a bushel to go toward participation certificates. But the wheat which goes to the line companies will be sold by the line companies at whatever the market is. They will buy at whatever the market is, and they will sell at whatever the market is. To that extent they may make some profit, or they may make some loss, depending on how the trade goes.

Mr. CASTLEDEN: But the farmer gets nothing out of it.

Mr. GARDINER: Nothing more than what he selected when he made his choice. He may have chosen to take that price rather than the ninety cents advance.

Mr. ROSS (Moose Jaw): But to-day he is getting $1.05 in Fort William.

Mr. GARDINER: Yes, I guess it has been as high as that.

Mr. ROSS (Moose Jaw): It is $1.05 to-day.

Mr. PERLEY: It is only $1.03.

Mr. GARDINER: The principle is the same in any case. There was one other statement I agreed to make, with regard to wool. I stated the position in connection with wool, that one could realize a higher price in the Canadian market than in the United States market. I wish to place the figures on record so that they may be used by hon. members, if they choose. These figures are the net returns. The Boston price of one-quarter blood greasy is 54 cents. The duty is 59 per cent of 34 cents, or 20 cents. The freight is 82 cents per hundredweight, or 8·2 cents per pound. So that the farmer in Canada would net 25·8 cents. Then, if we add exchange, which is 2·6 cents, we find the farmer nets 28·4 cents. The price including four cents subsidy in Canada is 34 cents. That is, it is the difference between 28·4 and 34 cents.

Mr. FAIR: The farmer in the United States is getting a better price than the farmer in Canada.

Mr. GARDINER: That is admitted by everyone.

Mr. FAIR: That was the point I was making.

Mr. GARDINER: The point is that so far as the Canadian dealer in wool is concerned, he can realize more at the present time, under all conditions, with our prices here, than he could on any other market. That was the point I made.

Mr. FAIR: My point was that a condition should be brought about in Canada, by subsidy, or in some other way, under which we can get a price which would compare with the price in the United States.

Mr. GARDINER: I understand that. There was another question asked by the hon. member for Melfort. He asked that I place on record the figures which indicated that nearly $100,000,000 had been paid to farmers in subsidies and acreage payments in one year.

Mr. WRIGHT: The minister said there was a hundred million.

Mr. GARDINER: I will deal with that too. I made the definite statement that there was nearly—or, I believe I said, pretty nearly—$100,000,000 in acreage payments and subsidies, and I was asked to put those figures on record. I have them here. These are the subsidies paid to agriculture in the calendar year 1942—that is, some of these amounts will relate to the 1941 crop, but they were paid in the calendar year 1942:

Prairie farm assistance	$14,471,060
Prairie farm income	18,175,114
Wheat acreage reduction	32,297,670
Cheese quality payments	1,730,919
Cheese factory subsidies	203,732
Butter for subsidy	7,000,933
Fluid and concentrated milk subsidy	3,846,036
Fertilizer subsidy	975,275
Feed freight assistance	9,832,004
Feed wheat, 8-cent drawback	333,720
Egg price subsidy	918,224
Subsidy on strawberries, by the wartime prices and trade board	42,233
Apple assistance (1)	2,257,620
Beef cattle purchase, by the wartime prices and trade board (estimated)	800,000
Fruit and vegetable subsidies to canners	741,000
Provincial subsidies on hogs and cheese for 1942 (estimated)	4,500,000
Total of subsidies and acreage payments	$98,125,540

This figure, I believe the committee will agree, is nearly a hundred million dollars in one year, involved in these transactions alone. What we were discussing at the time was the amount of money involved. The statement was made that hundreds of millions of dollars were going to industry in order to bring about and utilize to the full the production from factories for war purposes. I said it could be stated as surely that hundreds of millions had also been utilized to make possible the production and proper distribution of food supplies or farm products. Now, the figures with regard to that are round figures. I am not going to go into detail, because I am not allowed to do so in connection with these particular items. The wheat delivered by producers to the

wheat board involved financing to the extent of $746,000,000 and carrying charges of one kind and another amounting to $115,000,000, making a total of $861,255,000 on the handling of wheat which passed through the wheat board. If one adds to that the $98,000,000 I have here, and another $150,000,000 which has been spent in direct subsidies through the years—the statement I have put on the record covers only one year—he will find that the total amounts to over a billion dollars. I think these figures substantiate what I said the other night, that in one way or another the assistance provided for the production and distribution of farm products has amounted to several hundreds of millions of dollars.

Mr. FAIR: I think it would be a good idea if the minister would place on record the fact that in 1942, the year for which he has given figures, the farmers lost, because of not getting parity prices for wheat, something like $140,000,000. It is agreed that the parity price for wheat is $1.40 per bushel.

Mr. GARDINER: I do not think the time has yet come for me to say that. As I understand it, more than half of the wheat is still on the farms. I think that the best bank account there is in Canada to-day is a bin of wheat on the farm. What the farmer is going to get out of that wheat is not yet known, so that I am not in position to make that statement.

Mr. FAIR: I was referring only to the 280,000,000 bushels which have been delivered.

Mr. GARDINER: Even that is not all delivered; there is a considerable part of it still on the farms. The farmer has not yet lost money on that—I am not saying he will not lose something—so that I am not in position to make a statement as to what his position is with regard to the 1942 crop. I gave good reasons for that when I said that not very much has moved as yet. I want to emphasize what I have emphasized before, that the farmer has within his own hands the privilege of making sure as to whether he has an opportunity to get further returns on that crop. He can get a 90 cent advance from the wheat board. If he believes in the pooling of wheat as a method of getting every cent there is to be got out of the wheat, he will put his wheat into the pool. If he believes he can make more money by selling it now, he will sell it now. I do not think that I or anyone else could interfere with his judgment in that matter; he will probably do what he thinks is wise.

Mr. WRIGHT: I should like to point out the difference between the advances made to agriculture and those made to industry. The minister has stated that hundreds of millions of dollars have been placed at the disposal of agriculture. As has been pointed out by the hon. member for Rosetown-Biggar, the hundreds of millions of dollars which have been placed at the disposal of industry become its property at the end of four or five years through depreciation, but the hundreds of millions of dollars which have been advanced to agriculture will be repayable to the government on the sale of the wheat. The minister mentioned some $98,000,000 which had been paid out as subsidies during 1943, but I would point out that these subsidies were not all for 1942. In many cases they were not paid to the primary producer, the farmer, but rather to the processor.

Another matter I wish to bring to the minister's attention is the question of car allotments to the elevators in western Canada. When Mr. McIvor, chairman of the wheat board, was before the committee he stated that there had been no complaints as far as the board was concerned by the elevator companies. Since then I have received a number of telegrams and resolutions, and I think the chairman of the agriculture committee has received a number of resolutions, complaining bitterly about the allotment of cars made to the various elevator companies. It appears to me that the pool elevators are being discriminated against and are not receiving the cars they should. The result is that the producers cannot market their grain to their own elevators. I ask that something be done with respect to this.

Mr. WEIR: I have had representations made to me in connection with this matter since the meeting of the agriculture committee, and I took what I considered to be the proper course. I referred the representations that came to me to the officers of the Canadian wheat board. I received a reply a few days ago from the chairman of the board in which he stated specifically that until a certain telegram was received, I believe from the secretary of the Saskatchewan wheat pool under date of June 8, the board had not received any complaints with respect to the distribution of cars. He considered that since no complaints had been received the policy which had been pursued during the past year was working reasonably satisfactorily. He went on to say in his letter that the officers of the Canadian wheat board had met with officers of the three wheat pools, the meeting being held in Winnipeg I think about a week or ten days ago. This matter was discussed for one or two hours, but there had not been evolved or suggested any scheme that was more workable than the one

in operation. The chairman of the wheat board went on to say that the managers of the three wheat pool organizations in western Canada were meeting officials of the Canadian wheat board to try to see if a more satisfactory system from the administrative point of view could be worked out. I think it is only fair to say that so far as the officers of the Canadian wheat board are concerned, they had not received any complaints with respect to the operation of the policy during the past year. Not having received any complaints, they considered that the policy was working out reasonably well. I repeat that steps are being taken to see whether a more workable scheme can be suggested. If it can be, I am sure that they will take steps to put it into operation. I think this statement is due the officers of the wheat board and the others concerned, because this problem of transportation is a most critical one.

Mr. FAIR: I should like to support what has been said with respect to subsidies. While I know that arguments are advanced from time to time showing that the farmer is getting everything or almost everything that is coming to him, with the exception of wheat, I must say I cannot agree with them. I have admitted before on several occasions that the cure is in the farmers' hands. If the farmers want to organize as industry and labour have organized, if they want to demand what is coming to them, they can get their just rights. Until that is done they never will get what is coming to them.

In the early days of the wheat pool in my province we had fifty-one per cent of the farmers signed up, but in a short time inducements were placed before them and many of the farmers started to bootleg their grain. They were given an extra grade, but at the same time a certain number of bushels per load were removed by painless extraction. Until the farmers wake up to what they are being done for they will have to be satisfied with receiving less than they are entitled to.

There is one point I should like to bring to the attention of the minister in connection with the storage of the grain we hope to get in the 1943 crop. I believe in a number of cases farmers will be compelled to buy lumber to build bins in which to store their grain. At the present time the approximate cost of a bin twelve by fourteen by seven, with a shingle roof, which will hold about 1,100 bushels of wheat, is $110. But I understand that at the present time a farmer can buy only $200 worth of lumber at one time. If this is correct, as I believe it is, some provision should be made by which a farmer may obtain enough lumber for more than two bins. In many cases additional storage space for 2,000 bushels will not be sufficient to take care of the crop during the coming year, because of the grain already in storage on the farms.

Mr. PERLEY: We have had some interesting information this morning; it appears that the Minister of Agriculture has taken over from the Minister of Trade and Commerce. In some parts of western Canada that would be good news; for I believe the minister would make a pretty good job of it. Several questions have been opened up this morning on which I should have liked to say something, but a great deal has been said here and a great deal more was said when we had Mr. McIvor, the chairman of the board, before the agriculture committee, so that I do not think it is necessary to repeat what has been said by other hon. members.

I should like to say a word in regard to discrimination in the allotment of cars. I believe there has been discrimination; and I believe the Minister of Trade and Commerce, who has just left the chamber, was well aware of it. On June 30 I asked the minister directly if he had received any protests with respect to this alleged discrimination, and he replied that he had not. Later I met him and had a conversation with him, and he informed me that while there was no direct charge of discrimination, he had received many protests from individuals. Again on July 2 I brought the matter to the attention of the minister, and he admitted again that he had received many protests but stated that the board was not going to pay very much attention to them. When I was home at Easter I heard many complaints in our district in this regard, and I think there is no doubt that if the distribution of cars had been handled without discrimination, a great deal more grain would have been moved and many farmers would have had a chance to get a greater portion of their quota off their hands.

Something has been said to-day with respect to the price of wheat. I have just received a note from the hon. member for Moose Jaw in which he offers to bet me that wheat will go much higher. I wish he had given me this information a few days ago. I was given a certain amount of encouragement in listening to the minister this morning, but I delivered my wheat to the board and took a participation certificate, which the minister mentioned a few moments ago. That applies to about half my crop. I could not deliver the full quota before January or the board would have had all the wheat I was allowed

to deliver. Fortunately or otherwise I could not get off the last four or five bushels of my quota until after Easter, and the price went up. As a matter of fact I held it until about twelve days ago, when wheat hit $1. I have been consistently advocating that the price of wheat should be $1, so that when I was able to get that price for it I thought I had better sell. Yesterday it reached $1.05, so you can see how I feel about it. However, part of it was delivered to the board under a participation certificate, which I hope may be worth another 20 cents before we are through.

Earlier this morning the minister said that the member for Qu'Appelle knew very well there was a great deal of grain in western Canada that should be under cover; and I will agree that if more cars had been made available and transportation facilities had been provided, much of that grain would have been under cover. Only this morning I received another letter from a lumber dealer in my constituency in regard to a matter which I took up with the lumber controller here in Ottawa. This is the second letter I have received from Mr. Rosborough, a pioneer lumber dealer at Grenfell, Saskatchewan. I took the matter up with the lumber controller, as I said before, but did not get very much satisfaction. This gentleman complains that he cannot get lumber to supply the farmers who want to build bins, and in the letter I received this morning he asked me to follow the matter up and see what can be done. No doubt the minister knows of many similar cases, and I suggest that he take it up with the lumber controller to see if they cannot get lumber at some of these local points so that the farmers may do the very thing the minister suggests—build bins and get their grain under cover. If he will undertake to do that it will save me the trouble of taking up the matter again with the lumber controller. In addition to the letters from this gentleman I have received several other protests from boards of trade to the effect that lumber is not available in some of these smaller towns, while in other places plenty of lumber is being supplied. The minister should go into the matter with the lumber controller and have the situation straightened out.

The CHAIRMAN: Order. We called an item, and while it was perfectly in order for the minister to answer questions which had been asked previously, I would beg of the committee not to go all over the items which have been passed already. I do not say that in any critical way, but I believe it to be the general feeling of the committee that we should keep the discussion closely to the item under consideration.

Mr. ROSS (Moose Jaw): I wonder if the hon. member for Qu'Appelle would be good enough to read the note I sent him, because I do not want any wrong impression to go abroad.

Mr. QUELCH: In reference to the item under discussion, could the minister tell the committee just what is the situation as between the renter and the landlord? That is to say, if the renter refuses to sign the landlord's application, does the whole amount of the bonus go to the renter, or does he merely receive his share based upon his share of the crop?

Mr. GARDINER: Under the law as it has existed since early this session, if the renter refuses to sign the statement that the other man is his landlord, the money goes to the renter.

Mr. PERLEY: Just to keep the record straight, this is the note I received from the hon. member for Moose Jaw: "No. 1 northern yesterday $1.05⅛. Will bet you ten dollars it will close higher to-day." I think the hon. member has some advance information on what is going to happen, or I would take him up.

Mr. CASTLEDEN: There was a statement made by the minister which I think should not be allowed to go without someone taking exception to it. He pointed out that the farmer was in a position either to take his 90 cents advance now or to sell on the open market.

Mr. GARDINER: I think you ruled, Mr. Chairman, that we should go on with the item before the committee. We have got back to it now, and I think we should stay with it. We have been into trade and commerce and munitions and supply, in regard to lumber; I have been told that I am taking over another department, so that I think we should stop talking about it.

Mr. CASTLEDEN: If the chairman rules that I am not allowed to continue with this matter, I shall comply with his ruling; otherwise I should like to make a short statement.

The CHAIRMAN: I am in the hands of the committee, but we have been discussing items which were passed previously, and the minister had to answer some questions which

were put to him at that time. I do not believe we should go all over the items which have been passed.

Mr. CASTLEDEN: I understand that, but I should like your ruling as to whether or not the statement I wish to make is in order.

The CHAIRMAN: I believe the committee would allow the hon. member to make a brief statement. We are on item 31, which provides for wheat acreage reduction payments and administration expenses in connection therewith. If the hon. member wants to make a brief statement in reply to the answer given by the minister, I believe it would be in order.

Mr. CASTLEDEN: Thank you, Mr. Chairman. My statement will be brief. The farmer was not in a position either to deliver grain to the board and accept the ninety cents Fort William price, or to sell on the open market and take the $1.02 Fort William.

Mr. GARDINER: It is the ninety cents advance, not price.

Mr. CASTLEDEN: Yes, the ninety cents advance. Thousands of these farmers were in no position to take a chance on the ninety cents advance because no opportunity was given them to get hold of any cash last fall. They were allowed to deliver only five bushels to the acre, which was the opening quota. Since that time the quota has been raised, and the government have promised to take 280 million bushels of wheat from western Canada, but they have not taken that even yet. The farmer is in debt. He has not been allowed to sell a cash crop. What he sold did not cover the cost of harvesting, taxes and other indebtedness. He has had to sell what he could to get cash, and was forced to take the few cents extra he could get on the open market.

Mr. EVANS: That is not correct.

Mr. CASTLEDEN: The hon. member can make his statement when I am through. I say that is why the farmer was forced to sell his grain where he could get most cash. I do not know what the grain exchange does except to take the farmer's profit. The grain exchange is allowed to clean up on what might have been the farmer's profits. I believe that if you took the subsidies that have to be paid to agriculture and added them up you would get an amount about equal to the profits made by the grain exchange.

Mr. BENCE: I should like to have an amplification of the statement made by the minister in answer to the hon. member for Acadia. Do I understand that the owner of a piece of land who rents it cannot get the money to which he is entitled unless the renter is prepared to sign a certain form?

Mr. PERLEY: That is correct.

Mr. GARDINER: Yes.

Mr. BENCE: In my part of the country leases have been in effect for a number of years but because they were drawn up at a time when there was no crop bonus, no clause was put in to cover that. It seems an intolerable state of affairs that a man who rents the land that he owns should not be entitled to his fair share of the proceeds from working that land during the year. He is entitled to one-third share of the crop, and surely the man who owns the land and pays the taxes and looks after its upkeep is entitled to his share. I know cases where tenants, for reasons best known to themselves, have quarrelled with their landlord but have nevertheless stayed on the land, and under the law they can continue to stay there and do comparatively no work and take the proceeds of this wheat acreage bonus. I emphatically protest against that. Why not put ourselves in this position, that where a landlord produces a lease to the officials he shall be entitled to a share of the crop despite the fact that the tenant might be recalcitrant about signing any particular form submitted to him?

Mr. GARDINER: The only reason we do not do it, so far as the administration is concerned, is that that is what the law says. We passed the law in this house at this session; the whole matter was then discussed, and the law was made as it has been recited. That is why the administration has to do things in this way.

Mr. CASTLEDEN: Has the minister the wheat acreage reduction by provinces for 1943?

Mr. GARDINER: There are no final wheat acreage reduction figures for 1943. I have the wheat acreage reduction figures for Alberta for 1942.

Mr. CASTLEDEN: I understood the minister to say that the approximate reduction for 1943 would be ten million.

Mr. GARDINER: The figures cannot be completed until the season is much more advanced. The final totals cannot be made up until about a year from now.

Mr. CASTLEDEN: But the minister gave an approximate figure of ten million.

Mr. GARDINER: That is only an estimate.

Mr. CASTLEDEN: You have no figure for 1943?

Mr. GARDINER: No actual final figures.

Mr. BENCE: Somebody interjected when I was speaking a while ago that I was acting for a mortgage company. May I point out that I have personal knowledge of many cases where the land is owned by private individuals, sometimes by widows with children. It does seem to me that consideration should be given to both sides of the case.

Mr. PERLEY: How many more applications for wheat acreage reduction bonus have there been this year than last year?

Mr. GARDINER: We have not the figures for this year, but the number would be about the same.

Mr. PERLEY: I have a clipping here from the Regina *Leader Post* in which Mr. Gray, the director at Regina, says that there are 14,000 more applications this year, and I was wondering why there are more. Are there new people coming in?

Mr. GARDINER: That would be new people coming in. The 14,000 would be in addition, but as members of the committee know, the application for payment is not required to be made until after July 1. While a farmer might have given indication of his intention to apply earlier than that, he might afterwards change his mind and not reduce his acreage at all.

Mr. PERLEY: This clipping is dated June 7.

Mr. GARDINER: The regulations provide that the farmer is not required to make application for payment of the bonus until after July 1. He can make it at any time after that. He might state his intention to apply before the 30th of May, but with conditions as they have been, many people would probably change their intentions. When the applications come in for payment we shall be much more certain as to the number of farmers reducing their acreage than we could be simply by taking their indication of intention.

Mr. WRIGHT: In view of the different method of determining the wheat acreage reduction this year, can we not expect a reduction in the number of inspectors in western Canada?

Mr. GARDINER: We have reduced the number. As a matter of fact, there are no permanent inspectors at all on wheat acreage reduction or on prairie farm assistance. There is simply a list of individuals whose services have been used from time to time. Some are called in for two or three weeks, some for a month, others for two or three months. This year there are fewer than in 1941.

Mr. FAIR: To come back to the amendment which was passed this session providing that the tenant must sign an agreement acknowledging his landlord, I remember distinctly that it was passed one evening after the dinner recess, by no means with the unanimous consent of the committee. Very shortly after that amendment was passed I asked the minister when we were in the railway committee room if we could not have an amendment to rectify what I believe is a wrong. I think it is not too late to do that yet. Some people have been taking advantage of this provision in the past, and if we go on with the law as it is now, we are only inviting more trouble. An amendment would make administration easier. But administrative difficulties can be overcome, and I think an amendment should yet be made to rectify the wrong of which we have spoken in this committee.

The CHAIRMAN: I do not think that that question is in order. We are dealing with reduction of wheat acreage.

Mr. FAIR: That is exactly what the question is in connection with—who shall receive the respective shares of the wheat acreage reduction bonus.

Mr. PERLEY: Would the minister inform the committee why these inspectors are changed around? The department does not allow one of its inspectors, who works only during the summer-fallow and crop season, to remain more than one or two years in the same municipality. We have had, I believe, three different inspectors in the last three years in the Wolseley municipality. I would have thought that when an inspector has become acquainted with the farmers and has got to know the acreage and that sort of thing, he would make a better job than a new man. When any claim is in dispute and a second inspection is required, they have always sent in an outsider—which may be all right.

Mr. GARDINER: Of course there are different reasons for moving inspectors. Sometimes one man is left in a community much longer than another man is left in a community. For example, generally speaking, under prairie farm assistance—and both these operations are carried on under the same inspectors—we do not think it is desirable to have a man inspect his own township. There

are obvious reasons for that. Quite often farmers who live in a township have large families in the same township, or family connections there or somewhere in the vicinity, and we would rather put these men in some other locality than have them accused of being partial to those people with whom they may be closely associated.

That is one reason. Then, we find that one inspector will be particularly efficient in inspecting a certain kind of crop; that is, he may be very efficient at estimating the yield while a crop is standing. That man of course would be used in places where that work is being done. Other men may be particularly efficient along other lines; and if we have to move a man from the place where he was in order to give him work somewhere else in which he is particularly efficient, then we have to move some other person into the area to cover the work he has been doing; the other person may be more competent to do that work than he is. That is, generally speaking, the way in which it works.

In reply to the hon. member for Melfort, it might be well if I put the number of inspectors on record. There were 57 inspectors and 32 supervisors at work in the three provinces on June 30. I believe there are 17 districts in Saskatchewan and one supervisor over each district. Alberta is divided into districts, with one supervisor over each district there, and Manitoba is the same. These 32 men are permanently employed; they work the twelve months through, but the 57 inspectors are men whom we call up to do inspection work when it has to be done, in the summer months, and they are employed only part time. There were 57 of these on June 30.

Mr. WRIGHT: Has the minister information as to the total number employed say in October 1942?

Mr. GARDINER: I am afraid there may be less in October than now.

Mr. WRIGHT: There are certain seasons of the year when there are more of them?

Mr. GARDINER: Yes, there are certain seasons when the number is much higher, but this depends on the year, the type of the year and the extent to which work was done earlier. Somebody said a moment ago that under the act as it now is the procedure is much simpler than it was before, the reason being that now we are only checking on how much land a man took out of wheat and whether he is doing something with the land he took out of wheat. We are not particular about what he is doing; we simply say that as long as he is farming in a reasonable way and as long as he has taken the land out of wheat, we pay him $2 an acre. It is much simpler to administer that and it takes much less inspection than when we had to determine how many acres of barley and rye and summer-fallow and grass he had as compared with 1940. Now, so long as he can satisfy the administration that he has reduced his wheat acreage as compared with 1940 and is doing something with the land which is essential to the operation of the farm, he gets his $2. It will be seen from this that the figures with regard to inspection in past years would not give us very much information upon which to go this year.

Mr. WRIGHT: Is it the intention of the minister to make an inspection of each farm again this year?

Mr. GARDINER: On the wheat acreage reduction we are taking the word of municipal secretaries to a greater extent this year than was done last year.

Mr. ROSS (Souris): I find that municipal inspectors who commenced their duties other years on August 1 are beginning their inspections this year on July 1. Why would that be?

Mr. GARDINER: One reason is that in spite of the fact that the law does not require one to make a claim until after the first of July, the administration have been encouraging farmers to make these claims earlier. Many people have put their claims in, and the greater number of claims being in makes it possible to have the inspections at an earlier time, and we hope the payments will be out at an earlier time.

Mr. ROSS (Souris): Summer-fallow does not have to be done until the first of August. Might there not be a great deal of repetition in inspections of that kind, or does it apply only in the case of the fall rye which they have to check by the first of July. I would think that in the case of wheat reduction, summer-fallow and so on, it might be necessary for other inspectors to follow up, and that would be a costly procedure.

Mr. GARDINER: Of course the very fact, as stated a moment ago, that we are relying much more on municipal secretaries for reports of that kind would not necessitate, perhaps, a second inspection. We would get information as to whether that land is still black or whether it is growing a crop. If it is not growing wheat but something else, we pay the $2.

Mr. SENN: Will the minister say whether all last year's vote was taken up, and if it

was, how is it that the vote this year is so much more? Is there to be a supplementary estimate?

Mr. GARDINER: There always has to be a supplementary estimate, and that will come in on the supplementaries. This vote, as is known, was made up months ago; it came down very early in the session, and it is only the administrative end of the work plus some demands which we know have to be met. The outside amount this year, we estimate, will run to about $26,000,000. The addition to this will be in the supplementaries.

Mr. SENN: It was all taken up last year?

Mr. GARDINER: There is about $2,000,000 of a carry-over of what was estimated last year.

Mr. CASTLEDEN: Rather than pay $4,265,000 to get farmers to go out of production, it would be a whole lot better to spend this money in fixing a parity price and getting more production of wheat and other food in this country. The United States is encouraging the growth of food. At the Hot Springs food conference, which was held recently, in which forty-four countries participated, it was pointed out that there never was sufficient food in the world for all the people. I think we are going at this in the wrong way. The paying of a bonus in this form is, I think, entirely wrong, and probably in a few years' time we shall be working in the opposite direction. However, seeing this is the policy of the government in power I suppose we have to carry on with it.

There are two complaints under this policy which have come to my attention. One is that many of the farmers who have made applications found that there was no record of their applications having been received. When they stated "I went down and made my application," they were asked "When did you do it?" "Oh, on a certain date." "Well," was the reply, "we have no record in the office here." That farmer gets no redress. Is something being done to see that the farmer when he makes application receives a duplicate of the application form signed by the municipal secretary?

Another point is this. A number of farmers found that they were too late putting in their application. They said they did not know they were supposed to have it in by a certain date. Is something being done to get in contact with the municipal councils in order that the councillors may inform everyone in their division that they must have their application in by the date specified?

[Mr. Senn.]

Mr. GARDINER: There are approximately 184,000 farmers paid under wheat acreage reduction, and I believe, speaking from memory, that the number that claimed they had made application or were entitled to make application in the first year, which of course would be the year in which there would be the greatest number of people who would not be informed, was six or seven hundred. There were 600 or 700 in that year who had to be considered afterwards, some of whom were allowed to collect. That is to say, we found that they had actually made application but their letters had either been misplaced or had not reached the proper authority. There are probably between 2,000 and 3,000 in addition to the 184,000 who actually did claim payment on wheat reduction but we did not consider that they properly came under the act, and there would be in addition to that, a few hundred who would come back and say that they did apply and the secretary of the municipality thought he had sent in the application. In those cases we check back and if we find the statement is correct the payment is made. There are cases where we are not satisfied with the man's statement and we say to such people that we have spent thousands of dollars putting this over the radio and in the local press and making statements about it generally so as to get it out to everyone we could possibly get in contact with by these means, and we have therefore to assume that these particular people had the same chance as everyone else. If therefore they did not apply until months afterwards we do not find it advisable to make these payments, and some have not been made. But there are very few compared with the total number.

Mr. JOHNSTON (Bow River): Are there any exceptions to the rule with regard to those who do not apply on time?

Mr. GARDINER: No; there are no exceptions, unless they can show that they did apply. There must be someone somewhere to prove that they made application.

Mr. JOHNSTON (Bow River): If it is a matter of negligence on their part—

Mr. GARDINER: If we are satisfied that it is negligence on their part we do not pay anything.

Mr. QUELCH: Suppose the farmer claims that application was made and that the application was lost; do you accept his affidavit?

Mr. GARDINER: It has to be supported by some other person. Someone has to know that he did make application. We do not accept his sworn statement by itself.

Mr. JOHNSTON (Bow River): I have in mind a case which depends on this very point. This man claims that he did make application but they have no record of it. He claims further that he consulted the secretary of the municipality but the secretary says that he does not recall it. The whole thing boils down to the question whether the department accepts the farmer's word or his sworn affidavit or whether it discards that type of proof.

Mr. GARDINER: We will discuss the matter with him until we are satisfied one way or the other. I have some recollection of a case brought up by the member for Bow River, and I do not believe it is finally closed. As long as the man has any chance of giving proof that he did apply we will continue to try to find that proof.

Mr. JOHNSTON (Bow River): But this is a brand new case.

Mr. GARDINER: Oh; if it is a new one he is starting pretty late.

Mr. QUELCH: The minister says that there must be some independent support. If a neighbour supports the man's declaration and states that he knows he made application, is that accepted?

Mr. GARDINER: I should not like to make a decision out of court. He will have to appear before someone and prove his statement, and if he proves it to the satisfaction of the officials he will be paid. If he does not, he will write to me and I shall have to go to the officials and see whether he made the mistake or they did. I get these letters from time to time.

One point was raised by the member for Yorkton which I cannot allow to pass without comment. He said that we are spending $4,000,000 to reduce production. That is not correct. We are spending $4,000,000 and some odd thousands to get more production of something we want, and that production will give greater returns than the production of wheat will yield. We are asking men to transfer from the production of wheat, of which we have 650,000,000 bushels in store, to the production of something else which we can sell right away, and to do that we are asking them to transfer certain acreages from wheat over to other grain and grasses. That is not reducing production. That policy so far has resulted in greater returns from the farms than could have been obtained in any other way, both in quantity of food and in return in cash, and for that reason I do not want to allow that statement to pass.

Mr. PERLEY: I think the minister could save a good deal in this inspection work. In the first place, we have far too many inspectors. The municipalities have to do a great deal of this work. In making applications for this bonus the municipalities take nearly all applications and send them in and they have to get out a lot of information on the matter. They do a good deal of work apart from a certain portion of the actual inspection work. As I say, a good deal could be saved. The minister may not have the information before him at the moment, but will he take this as an order for return, so to speak, and give us the number of inspectors in Saskatchewan, their salaries and expense accounts for the last year, and at the same time the number of those men employed again this year. I should like to have that information on *Hansard*.

The minister said something about the efficiency of the inspectors. I may point out the efficiency of one or two of them. I was north of Moosomin last year sitting with a farmer in his yard when one of the inspectors drove in, in a car, in a hurry, and stepped out of the car and rapped at the door. He asked whether this farmer was Mr. so and so, and was told that he was. I had never met this man before, but he did not impress me with his manner. He drove in in a blustering sort of way. The farmer asked him if he would like to meet Mr. Perley and he said, "Sure." The farmer said, "This is Mr. Perley." We got into a discussion about inspection work and he told me that he could inspect any field of grain in that municipality on the fly. I questioned him about how careful he was in going through the fields and he said he did not have to do that. If he could not inspect any field of grain, to get the information he required, by just driving past in a car he would not be on that job.

Mr. GARDINER: That would be right this year on wheat acreage reduction.

Mr. PERLEY: It did not happen to be right last year. We were looking at that crop from the barn and I was not impressed by that fellow. There were many complaints in that district regarding the manner in which he did his work, and he received a salary for it.

Mr. GARDINER: A return was brought down on February 20, 1943, giving all the information up to that date. Let me say again that it will be absolutely impossible to give a return right up to date. In the first place I would have to send to the office in Regina, and they would be able to give it

only up to about a month ago. I could not possibly get that while the session is on, up to date.

Mr. PERLEY: Could the minister give the number of men on the job this year?

Mr. GARDINER: There are only 57 on the job, up to date, although last year before the end of the season the number reached about 400 who had been on at some time or another.

Mr. ROSS (Souris): There should not be so many required this year.

Mr. GARDINER: No.

Mr. CASTLEDEN: The statement of the minister was partly true.

Mr. GARDINER: It was all true.

Mr. CASTLEDEN: I think the records will show, however, that the increased summer-fallow in the last few years has brought about a reduction in the possible production of food. We do not have what we could have had in the way of production. We have taken 10,000,000 acres out of the production of wheat, and only part of that has been put into coarse grains. The minister's own statement was that a few years ago we had too much wheat. Well, if he wishes to get production he will have to give the farmer a parity price. If he does that he will get the production he wants. The farmer does not want the bonus if he can get parity price.

Mr. GARDINER: We have got more food now than we ever got at any other price.

Mr. CASTLEDEN: Because you also got rain, which you may not get this year. I have a further question: Are duplicate copies of farmers' applications to be given to them this year, so that they will have evidence that they have made application?

Mr. GARDINER: When I got mine I got three copies, only two of which had to be returned. I was permitted to keep one. I presume every other farmer will get the same.

Mr. CASTLEDEN: Has that been the procedure in the past?

Mr. GARDINER: Yes, that is the procedure.

Mr. CASTLEDEN: Has it been in the past?

Mr. GARDINER: Not always in the past, perhaps. We did start at some time to do it, and we are still doing it.

Mr. ROSS (Souris): The farmer is entitled to a copy of his application if he wishes to have it. Something has been said about municipal officials doing a great deal of this work. I know in my own province this work is heavy. Many of the farmers look upon their municipal offices as their community centre. They go to the clerk and find out a great many things which otherwise it would be very difficult for the farmer to learn. I suppose the municipal clerk is allowed something for taking these applications. I do not know whether he is allowed enough, but I trust that the minister, so long as this scheme is in operation, will continue to work through the municipal offices in the prairie provinces, because certainly they are of very great assistance to the farmers, generally speaking. Otherwise the farmers would be in a quandary, completely, if they had to write to the head offices, or chase up an inspector. I appreciate the work that has been done by municipal officials in those offices, and I presume the same has been done throughout all the prairie provinces. I trust it may be continued, and that they will receive appropriate remuneration for the work they are doing.

Mr. QUELCH: I understood the minister's statement to be that the purpose of the wheat acreage reduction bonus is not that of reducing the yield, but rather to increase coarse grain production. As the minister will know, in parts of Alberta, and I believe in some of Saskatchewan, there has been serious drought. In some instances wheat which was sowed never came up. That ground is now being cultivated, and it may possibly be sown to oats. However, if it is not sown to oats it will be summer-fallowed, thereby increasing the production next year. Will there be a wheat acreage reduction bonus on that land?

Mr. GARDINER: No. It is the action taken, not the weather, which controls the payment under wheat acreage reduction. Under the Prairie Farm Assistance Act, if it goes into operation, assistance would be given to persons who are dried out during the season. But so far as this act is concerned, it relates to a man's action. That is why these inspectors are sent out—to find out whether the farmer has done differently. If we find that a man had sown wheat in the spring and ploughed it up in June, he would not be counted for wheat acreage reduction. It may be that some would get away with it, but that is not the intention.

Mr. QUELCH: For the good of the country as a whole would it not be better to change that arrangement? If the farmer leaves that grain as it is, and does not touch it, he will have a chance of getting $2 an acre prairie farm assistance bonus, but the country will

not get anything from it. The country is losing production by this procedure. It would be far better for Canada if that farmer were to cultivate that land and put in coarse grains this year. But if he is not going to be eligible for wheat acreage reduction bonus he may think, "Well, if I leave it as it is I can get $2 an acre prairie farm assistance bonus for it, so I will leave it." I think it would be well if the minister were to consider that, and make it possible for the farmer to get the benefit of this provision.

Mr. GARDINER: I am pleased to see that the hon. member for Acadia is a much better farmer than the hon. member for Yorkton. It would seem that the hon. member for Yorkton thinks that by putting land under summer-fallow we reduce production. Every farmer in the committee must know that during difficult years the farmers were cropping more of their land than they should have been cropping under good farming practice, in the hope of getting a good crop some year to pay off some of their bills. We all know now that we were mistaken in that. And we know it more than for any other reason because of the acreages summer-fallowed under this act. We have grown more grain on the same acreage, even with as little rainfall as we have had in other years, in 1942 than we ever grew before. And one of the reasons was the increased summer-fallow. On my own farm I have convinced myself that I am going to summer-fallow more land than I did in the past. I have been convinced that, if I do, I will grow more bushels over any twenty-year period than I ever grew before, and I think most farmers in western Canada have been convinced of the same thing. Increasing summer-fallow until you reach fifty per cent of your land—anywhere between twenty-five per cent and fifty per cent—does not necessarily reduce production.

Mr. CASTLEDEN: Are they doing it this year?

Mr. GARDINER: They are not anywhere near fifty per cent. They could still increase their summer-fallow and farm to better advantage over a period of years. I am pointing out that it is wrong to say that an increase in summer-fallow cuts down production. The fact is that you are not cutting down production; rather you are increasing it.

Mr. HANSON (York-Sunbury): I do not know anything about summer-fallow, when compared with the minister; certainly he knows more about it than I do. But I should like to ask two questions arising out of his controversy with the hon. member for Yorkton. The minister introduced a policy of wheat acreage reduction, and paid a bonus to western farmers for not growing wheat, on the theory that if the farmer did not grow wheat he would grow coarse grain. He believed that in that way he would have a production of a greater variety of grain. The minister and his officials believed that that would be more beneficial for the country generally. I am inclined to think that the policy had that effect. But what I wish to know, and what the farmers of eastern Canada are asking, is why this policy has not been made available to other parts of Canada, if indeed it is a sound policy.

The second question I would ask is this: why was it not considered good husbandry and good economy for the government to indicate to farmers that they should grow less wheat and more coarse grains, and not pay them for doing it—for doing something which a good farmer ought to do in his own interest? We had the same problem in a very much smaller degree in New Brunswick. The farmers there desired to raise seed potatoes. If they followed their own bent they would all be growing seed potatoes, and some of them would not even have a cow. That has happened in some parts of Maine. But they were all shown in years gone by that that does not pay. Those of us who had an interest in agriculture—and I do not mean that we all got down to the dirt and dug with them—have for many years been trying to preach to the farmers of the Saint John river valley and in the northern part of New Brunswick, that they should not put all their eggs in one basket. But nobody ever suggested that the farmers of New Brunswick—the farmers in Carleton county or Victoria county—should be paid for not raising potatoes. They do not understand why western farmers are paid a bonus for reducing their wheat acreage, while the farmers in New Brunswick get nothing. That is something the minister must explain to the farmers in my part of the country before the next election.

Mr. GARDINER: I can explain it now.

Mr. HANSON (York-Sunbury): I wish the minister would explain why that economy is practised in western Canada, and the rest of Canada has to foot the bill and get nothing out of it. I want to know that.

Mr. GARDINER: In the first place I would say that while the hon. member's statement will be looked upon by farmers in other parts of Canada as being very accurate, I do not think it is exactly accurate. For example we induced farmers in western Canada to grow feed grain, not only to feed their own live

stock but to feed live stock in eastern Canada and in the United States. In order to provide assistance to the eastern farmer, we put a ceiling on the price that he had to pay for this feed grain, though we did not put a ceiling on the price to the American farmer. In addition we paid the freight from Fort William to the destination in the east.

Mr. HANSON (York-Sunbury): That is the form of bonus the eastern farmer gets.

Mr. GARDINER: Yes; we are giving him the grain at the price realized by the western farmer, plus the freight as far as Fort William. Last year the assistance which was given to the eastern farmers on that basis amounted to something like $10,000,000. In the coming year the assistance given to western farmers under war acreage reduction will amount to about $26,000,000. It may be said that the amount paid to do the job in the east is less than half the amount being paid to do the other job in the west, but to the amount expended in the east in this connection must be added the money we have paid for fertilizer, assistance which we are not paying on the prairies. We are assisting with fertilizer to the extent that we can get it, though we have not been paying for it in connection with potatoes. Until a few weeks ago we thought there would be enough potatoes, and that there would not be a market for all of them. Now we find that there will be a market and that we cannot get enough, but whether or not that will be the case next year I cannot say. However, we do try to keep that balance.

The hon. member asked why we should pay the farmer who is a wheat grower. We do so for the same reason that we pay the Nova Scotia apple grower. The wheat grower could not market all his grain after the early stages of the war and therefore would not have been able to stay on the land if something had not been done for him. So far as the apple grower is concerned, he does not get the full amount of the assistance provided. It works out at the rate of something like $400 or $500 per family that we have had to pay in one year. It is true that there are only between four and five thousand families, but the amount we have paid in order to keep the apple industry going in Nova Scotia, and to a limited extent outside that province, amounts to about the figure I have mentioned per family. We have never paid that much per family in western Canada, but I submit that is no reason why we should not pay the amount we are paying in connection with apples. As I have said, it does not all go to the apple grower; his is a different line of activity, and you must take into consideration the man who puts in the fertilizer, the man who puts in the spray, the cost of the barrels, and all that sort of thing. However, that is what it is costing us. The total is much smaller because we are dealing only with about four thousand families. When you have to deal with 250,000 or 280,000 families the amount piles up, but the individual farmer does not get any more.

In reply to the last question, the wheat growers have said to us, as the hon. member for Qu'Appelle has just finished saying, "We cannot produce wheat at less than $1 a bushel." We have replied, "Well, you cannot produce wheat even at $1 a bushel if, as a result of weather conditions, you do not grow any wheat." So we provided those farmers with prairie farm assistance in order to keep them on the land during periods of that kind in order that they might produce another crop the next year. Then the war came along, and after the fall of France we found that our markets on the continent had gone and there was no possibility of marketing much of our wheat. Every organization in western Canada—and I say this for the benefit of the hon. member for Yorkton—came here, led by the wheat pools, and asked us to quota the deliveries of wheat. The figure of 280,000,000 bushels is the figure of the delegation of four hundred that came here in the spring of 1942. I pleaded with them over in the hotel to ask for 300,000,000 bushels, but the best I could get out of them was to ask the government for not less than 280,000,000 bushels. If I had been the treasurer I would have done just what the present treasurer did; I would have said, "Since they mention not less than 280,000,000 bushels, why make it more?" I sat right on the platform with all the pool officials and the four hundred delegates, with the Minister of Finance, the Minister of Mines and Resources and the Minister of Trade and Commerce. I said, "I have asked the government to put that figure at 300,000,000 bushels," but even after that when they came in with their recommendation it asked for from 280,000,000 to 300,000,000 bushels.

I just make that statement in order to place the facts before hon. members and to show that the quota was not fixed by the government alone; that this was the reasonable way to deal with it, as worked out by the grain handling companies together with the farm organizations and presented to the government to assure that all farmers would get some return. As a result we have placed the marketing of wheat under quota. I believe every farmer in western Canada will

say that under the quota he has had the most orderly marketing of wheat in the history of the marketing of grain in western Canada; but because we were not able to take all the wheat and were not able to pay the advance which farmers thought they ought to have we said, "Now, we want you to take some of this land out of wheat. The only cash crop you have in sight is wheat. We are not going to increase the advance beyond ninety cents, but we will give you an acreage payment on the land you take out of wheat and put into some other production, because we want that other production." We gave them the money because we felt that otherwise, not being able to market their full crop of wheat, they would not be able to continue to produce. So we gave them acreage payments which one year amounted to almost $35,000,000, which last year came to $21,000,000 and which this year we estimate will amount to $26,000,000. We are giving that assistance to farmers who produced wheat before the war, when they had a market for it, in order that they may remain in the production of wheat to a sufficient extent to be able to swing back into wheat, if they should be required to do so, or to go on producing live stock. We hope the future may be such that we can remain in live stock production without hurting people in other parts of Canada; but if in order to assist agriculture right across the country it becomes necessary for the west to go back into wheat, to supply some demand somewhere in the world, I am sure it will be to the advantage of those in the east for us to go back into the production of wheat. At the moment, however, we do not think that should be done.

Mr. SENN: The minister made one statement which I cannot allow to go unchallenged, to the effect that the assistance given in connection with freight, amounting to about $10,000,000, all went to the benefit of the eastern farmer. I cannot agree with that statement, for the reason that if that freight assistance had not been given, the western farmer would have had to take lower prices for his coarse grains; otherwise the eastern farmer could not have used them. The farmer of the east could not pay that additional cost and continue to produce beef, dairy products or hogs. Therefore if this assistance had not been given, that grain would not have been used in the east and the farmers of the west would have been forced to sell at lower prices.

Mr. HANSON (York-Sunbury): I listened to the minister's explanation, and he certainly made a reasoned argument. At the same time, after listening to agricultural debates in this house for a good many years, I wonder if the western farmer would not prefer a decent price for his wheat instead of bonuses. I think that is the issue. From an economic standpoint I cannot understand a member of a Liberal government advocating bonuses. I recall a pamphlet I saw in 1935, I think put out by the present Minister of Agriculture, which stated, "Dollar wheat will pay your debts. Dollar wheat will pay your taxes." That pamphlet did the trick in Saskatchewan.

Mr. GARDINER: We got it.

Mr. HANSON (York-Sunbury): I agree; it was a smart trick on the people of Saskatchewan, but they never got dollar wheat.

Mr. GARDINER: Oh, yes; we got $1.50 wheat after that and have dollar wheat now.

Mr. HANSON (York-Sunbury): You got the votes, too. However, I did not rise to make a political speech. I should like the minister to answer one further question before one o'clock. Is this to be a permanent policy? Are we to look forward to government bonuses, not only for the duration of the war, when quotas are being set and markets have been lost, but as a permanent thing?

Mr. GARDINER: I think I said the first year we hoped it would be only for one year. For that reason we did not put it in the form of legislation. We have now gone into the third year and we certainly hope that it will not be necessary to have this continued after the war, but there are grave doubts of our being able to do other than what we are doing in some form while the war is on unless before the end of the war there is a very decided increase in the market for wheat. I want it to be quite clear the record of the meeting of the 400 farmers who came to Ottawa is there to be read; every word that was said was taken down; there was evidenced a decided determination that the acreage payments we were making should not be an alternative for dollar wheat. The farmers were more prepared to accept 90 cent wheat plus these payments than they were to have dollar wheat without them. They believed that it gave some insurance. During the discussion this definite question was asked: If we get dollar wheat, does it mean the taking away of these acreage payments? I had to get up and say that as long as I was Minister of Agriculture the prairie farm assistance payments were going to stay.

Mr. HANSON (York-Sunbury): That is a permanent government policy; that answers my question.

Mr. GARDINER: The prairie farm assistance was in effect before the war and is permanent policy.

Mr. HANSON (York-Sunbury): That was because of the drought.

Mr. GARDINER: They wanted the acreage payments as well as whatever advance was made on wheat.

Mr. FAIR: I think it should be made clear that the statement made by the minister was in connection with the prairie farm assistance bonus but did not refer to wheat acreage reduction bonus.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. BLACKMORE: There is one observation that ought to be made before this item carries. It does not bear exactly on the topic under consideration, but inasmuch as the minister told us at the beginning of his remarks that one of his chief concerns now was to find a way of storing the crop that is coming in, I think it would be well to spend a moment or two on this question.

I suggest to the minister that the only really thoroughly satisfactory long-range way of dealing with the storage of grain is to provide for storage on the farm. That will require a reversal of policy to a considerable degree and necessitate a great deal of government credit being advanced to farmers to enable them to build granaries to store the grain. But I believe it will be found to be the correct method of approach in the long run. There are several reasons why.

If the farmers were enabled to store grain in granaries which they themselves built and filled, and were to hold the grain in trust for the Dominion of Canada, having received payment for it and being paid storage regularly on it at very much the same rate as is being paid to the elevators, then in due time the farmers would come to possess the grain, or at least they would possess the granaries. The farmer would be required to keep the grain in good condition, and to show sufficient evidence to satisfy the inspector that he had done so before he would be permitted to market his new quota of grain. I believe this device would render the government secure against the loss of the grain, which would then be held for the government and be just as readily available to the government as though it were stored at a terminal elevator.

There are two or three reasons why this would ultimately lead to a satisfactory state of affairs. In times of drought, when grain has had to be shipped out to farmers for feed or seed, a good deal of expense has been entailed which would not have been necessary had the grain been stored on the farm and consequently been in the community where it was later to be used.

There is another serious aspect of the question. We may have disorder in this country at some time. We are so accustomed to looking upon our country as being secure from all internal commotion that we are likely to find it impossible to project ourselves into a state of affairs where there might be disorder, and if such occurred in the future it would be greatly to our advantage if we had the grain stored out on the farm where it would be much more readily accessible to the people than if it had to be distributed out from large terminal elevators.

The question will be raised immediately, where will the material be obtained now with which to construct these granaries? It is my settled conviction, from such information as has been given me, that there are a good many places in Canada where lumber of a more or less low grade could be manufactured were it not for the restrictions imposed on the manufacturer as a result of the activities of the timber controller. If the Minister of Agriculture were to take this matter up really seriously with the Minister of Munitions and Supply and the other ministers concerned, I believe a way could be found of rendering available a considerable quantity of lumber which is not now going into the hands of those who could use it.

May I suggest also that there is a good deal of cement which could be used to a considerable extent in the construction of granaries on the farm. Certainly it would be better to store the grain in that way than to allow it to accumulate in great piles on the ground, filling with anxiety the minister and everybody else concerned.

To sum up, may I suggest to the minister that a good deal of care and attention should be given to the matter of enabling us to store our grain on the farm.

Mr. FAIR: There is one phase of this question which should be discussed at some time, and that is the question of advances to the farmers on the grain they have stored on their farms. While the committee was sitting this morning, I got a letter in the mail box from a man who had been served thirty days' notice to get off his farm. He has feed and he has a number of brood sows and hogs, but he cannot sell the grain that he has, and he has been asked to get off the place. I

understand that he happens to be in a fairly good financial condition. This is only one case of which I have knowledge, but I think that some interest should be taken in this phase of the question under discussion.

Mr. QUELCH: I should like to revert to the question I asked this morning with respect to paying the bonus on burnt-out land which is now being cultivated. Would these men be eligible for the prairie farm assistance bonus?

Mr. GARDINER: If they are in a township which comes under the Prairie Farm Assistance Act and they qualify, under the act, they would receive assistance.

Mr. QUELCH: A few years ago they were told that they would have to leave the land as it was, as proof that it had been burnt out.

Mr. GARDINER: There is no regulation that I know of to that effect. The more a man tries to help himself the more we like to help him.

Item agreed to.

Special.

32. To provide for assistance to encourage the improvement of cheese and cheese factories, $1,875,000.

Mr. COLDWELL: Could not some consideration be given by the minister and the department to having cheese tested and graded which is made on some farms? The minister will remember that I had some correspondence with him on the subject last year and again this winter. I have in mind a first-class cheese maker who has put a lot of money into a herd of Jersey cattle. He is a cheese maker from the old country, from a district where they make one of the most famous cheeses, the Yeovil district of Somerset. This man at one time was manager of a cheese plant that made St. Ivel cheese, which is one of the most famous English cheeses. He has been producing a very high grade of cheddar cheese in this country but he cannot qualify under the bonus. He cannot get his product graded. I do not want to enter into a long discussion with the minister, but I would ask that reconsideration be given to meet cases of this sort. There may be others; I do not know of others, but I do know of this one case.

Mr. GARDINER: All I can say is that we do pay a premium on cheese. If it grades 93 the premium is one cent; if it grades 94 the premium is two cents. I know of no provision in the legislation or the regulations that would prevent a man who is producing high-grade cheese in some small plant of his own on his farm from getting the premium if the cheese is of the proper quality.

Mr. COLDWELL: His trouble is to get it graded.

Mr. GARDINER: It has to be cheddar cheese.

Mr. COLDWELL: He is making a cheddar cheese, but cannot get it graded.

Mr. GARDINER: I do not think that that should put him in a position where he cannot get the premium. I think we ought to provide for its being graded. I have not in mind the details of the case. It is somewhere in the northern part of the province, is it not?

Mr. COLDWELL: That is right.

Mr. GARDINER: Then probably there is only one man doing this. Probably the only way we could have a check made would be to get someone at the agricultural college at Saskatoon to go and make the check. I do not think this man should be deprived of his premium because someone is not coming around regularly and checking it up.

Mr. COLDWELL: The minister's opinion is different from the opinion I got from the department before.

Mr. GARDINER: This is the view that I express. I will try to bring my view to bear on the department.

Mr. SENN: I ask the minister to break this item down into two parts. One part I believe is devoted to a premium of one cent and two cents on high grade cheese; the other is for improvements to cheese factories. I should like to know how much money was expended last year under each item, and what is anticipated will be spent this year.

Mr. GARDINER: The amount has been $350,000 for the construction and $1,600,000 for premiums. There is some difficulty at present in getting priorities for equipment, and we do not estimate that more than about $275,000 will be utilized for equipment; the remainder will be required for premium.

Mr. SENN: I suppose if this amount has been expended from year to year for the last three or four years since the Cheese Factory Improvement Act came into force, by this time most of the factories are properly equipped, though no doubt there are some which are not. However, I did not intend to emphasize that part of it. What improvement

has been made in cheese production since the bonus has been in existence? Are we getting a larger percentage of our cheese to grade No. 1 and No. 2 than we did formerly, and if so, to what extent? Perhaps the minister also would say something more about our cheese exports to the old country. Is it likely that we shall be able to fill our quota this year? Evidently up to the present our cheese production for this year is far behind what it was last year.

Mr. GARDINER: As has been stated on a number of occasions, we had a higher production of cheese last year than we have had since very early in the century, and some of that increased production was due to the fact that we encouraged the production of cheese in the winter months. Starting with January and down to April there was a very great increase of the production of cheese as compared with the preceding years. If one takes the whole year into consideration, the quality is down in 1942 as compared with 1941. If one takes just the summer season when the better cheese was being made in all preceding years the position is about the same. Even in spite of the fact that we have had a great increase of production the position is about the same. To give the exact percentage of first-grade cheese to all cheese produced: in 1939 we had 91·72 per cent; 1940, 94·54 per cent; 1941, 95·51 per cent. There was a constant increase up to that time. In 1942, with 93·68 per cent, it is down as compared with 1941, but one has to make allowance for the two things I mentioned, the much greater production, and the fact that we produced so much in the winter months.

Mr. SENN: Do we ship that lower grade cheese to the old country?

Mr. GARDINER: As long as it is No. 1, 2 or 3 it may be shipped to Britain, but if a larger proportion of it in the winter is not in those grades, not so large a portion of it goes to Great Britain. As a matter of fact we did encourage the increase in the winter time in 1942 to supply local markets.

Mr. WRIGHT: Has there been any application for assistance under this item to cheese factories in western Canada, and are there any inspectors there to inspect cheese for the purpose of the bonus?

Mr. GARDINER: Most of the inspectors, of course, are in Ontario and Quebec, because that is where most of the cheese factories are, but there are some in the other provinces. The numbers of factories, with the amounts paid, are these: New Brunswick, two, amount paid $113.33; Prince Edward Island, two, $252.75; Quebec, original 143, supplementary 80, total subsidies $189,221.50; Ontario, original 67, supplementary 16; total subsidies $28,922.93; Alberta, two, $2,032.43; British Columbia, one, $981.85. There are none today in either Manitoba or Saskatchewan. In those provinces, as I indicated a moment ago, naturally there are no inspectors checking the work, there being no cheese factory.

Mr. WRIGHT: There have been no applications from Manitoba and Saskatchewan?

Mr. GARDINER: I do not think there were any in 1942, but my recollection is that there was one in Manitoba one or two years earlier. I doubt if there were any from Saskatchewan. We make very little cheese.

Mr. BOUCHER: Is there any collaboration between the Department of Agriculture and the Department of Munitions and Supply as to priorities for cheese makers in respect to gasoline and tires? I have had several complaints from cheese makers about the difficulty of getting priority rating, as farmers do, for new tires. I think the question, although not strictly the minister's responsibility, is of interest.

Mr. GARDINER: We have a man, Mr. Armstrong, who is working all the time in connection with all these priorities, and he takes up with the officials of the Department of Munitions and Supply any complaints which are brought to our attention. On quite a number of occasions we have secured assistance for the people concerned, but there are many cases for which it is impossible to get priority.

Mr. DUPUIS: This forenoon we discussed the question of transportation of grain from the west to the east, and I understood that the reason given why more grain is not transported is lack of railway facilities. I have just had the pleasure of listening to the distinguished president of the Canadian National Railways with his officials. He stated that actually they could carry more grain than is offered. I thought it well to bring that to the attention of the minister so that the farmers of Quebec may be allowed to have more grain to help them in raising their stock.

Mr. GARDINER: I cannot let that statement pass without correction. I do not know what the officials said in the committee, but I have sat in committees and tried to arrange with the railways for some considerable time to provide cars. The railways have done

their best, but there is no one moving grain in Canada to the extent that we want it moved, neither the railways nor anyone else. We are not blaming anyone for that. We are asking the railways to move other things. But both the Minister of Trade and Commerce and I have sat on committees with representatives of both railways and have pleaded with them to put more cars at the disposal of those shipping grain, and they made representations to the effect not only that they could not do so but that, so far as they could see, they were going to be able to move what grain had to be moved. These discussions go on continuously and so far we have not been able to get a sufficient number of cars after appealing to railways on both sides of the line to move the grain.

The CHAIRMAN: I hope that the question brought up by the hon. member for Chambly-Rouville will not be taken as affording an opportunity to discuss this subject again, because we passed that item this morning. I believe it is the wish of the committee that all hon. members should remain within the item under consideration.

Mr. MacNICOL: I happened to be out of the house on a committee when item 29 was carried. I am not going to discuss that item now but I should like to say a word by way of compliment to the minister and his department on having in charge of the Prairie Farm Rehabilitation Act a man who in my judgment was cut out for the job. I refer to Mr. George Spence. He has all the qualifications for the job, he is intensely interested in his work, and I am convinced that he is doing a good job.

Mr. FAIR: I wish to ask a question not on cheese but on a matter which is closely related to it. It is a hangover from a previous discussion. What price is being paid by the government for any surplus of dairy butter?

Mr. GARDINER: It is paid under the commodity prices stabilization board, which is under the prices board. I am sorry I have not the exact price offered, but that can be obtained when discussions are on with regard to the prices board.

Mr. BLACKMORE: Unfortunately I happened to be out of the chamber when the minister made his statement on prices of wool. Would the minister tell the committee what is the average price of wool for 1943? According to the figures I have, the price in 1941 was 24·91, and the price for 1942 was 26·75. What would be the price for 1943 comparable to those?

Mr. GARDINER: The return for the grade of wool we were talking about is indicated, in the statement I gave, as 34.

Mr. BLACKMORE: That would be the price to the ordinary wool producer in Alberta, or would he be producing the type of wool the minister had in mind?

Mr. GARDINER: It would be impossible to go across the country and give the exact price at every point. I am not certain whether it is Winnipeg or Toronto, but it is some central point.

Mr. BLACKMORE: That would be the price which the wool producer would receive, less freight?

Mr. GARDINER: Yes.

Item agreed to.

Progress reported.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Wednesday, July 7, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF FINANCE

Hon. J. L. ILSLEY (Minister of Finance): I think we had better finish the wartime prices and trade board items. One item has been carried, the wartime prices and trade board proper, but the allied agencies have not been dealt with. I think they should all be dealt with at the same time. The next item is the Commodity Prices Stabilization Corporation, and then follow two crown companies. It would interrupt the sequence badly if we were to vary that order.

The CHAIRMAN: What item does the minister wish to have called now?

Mr. ILSLEY: The Commodity Prices Stabilization Corporation, $120,000,000.

Mr. DIEFENBAKER: I sat in the house all yesterday and I wished to ask a certain question, but the relevant item was passed in my absence. I understood that No. 1 would not be finished. I left at ten minutes to eleven. There is one matter to which I should like to make reference if I may.

Mr. ILSLEY: I cannot take any exception to that, because I said last night that there were certain questions unanswered which I thought I could answer on the next item without any undue stretching of the rules.

Mr. DIEFENBAKER: What I have to say refers to a matter which I know will receive the approval of hon. members generally. It is something that is being advanced not by way of criticism but from a desire to rivet the attention of the house and the country on the necessity of assuring men who were in business and who come back from overseas of the opportunity of securing a permit to carry on business. I am going to give a concrete example which has just come to hand. It reveals I submit a serious situation when the rehabilitation of the men who have served overseas and who return is being considered. Since November 2, 1942, no new business may be opened up within designated lines of business, and the result is that service men who were formerly engaged in business, say, in a retail store, which is the only training they have had, when they come back are denied the opportunity of carrying on that business. It is the only business they know anything about, and their experience fits them for nothing else. The instance I have in mind is sufficiently definite to be regarded as typical of the result of a strict application of the regulations. This ex-soldier, William W. McIntosh, served overseas twenty-five months. He had been running a hardware store in Vonda in Saskatchewan before he enlisted in September, 1939. He has two sons, and both of those boys are overseas. He left his business under the control of a relative who did not operate it any too well, and finally, in August 1941, the relative closed the business, there being a large amount of hardware still on hand. Finally this man returned from overseas. For thirty-five years he and his father before him had operated this hardware store. There had always been two hardware stores in the town. When he was discharged from the army the only place he could go was back to the operation of the business, in respect of which he still had a large amount of stock on hand. On April 27, he wrote the wartime prices and trade board setting out the facts I have given to the house, and also stating that in order to establish himself in civilian life it would be necessary for him to open his store, that being his only means of support. In his letter he stated further:

> There is a good stock on hand, many articles which are unobtainable in the market to-day. It will not be necessary for me to purchase a great deal of stock except for replacement of goods which I may sell from the present stock.

He was discharged in March, and wrote this letter in April. He received no reply, and again on May 20 he wrote the wartime prices and trade board at Saskatoon advising them that on April 27 last he had made an application to the board for a permit to reopen his business, after being discharged from the Canadian active service army. Then he said in his letter:

> I have as yet received no word as to whether or not my application was received or whether it was granted or refused. Surely some decision must have been arrived at after a period of over three weeks.

On May 27 he received a letter from Mr. J. E. Housey, the representative in Saskatoon, acknowledging receipt of the letter of May 20, and stating:

> We would also like to know if anyone else has started in this business in the town of Vonda. If so, your store would have to be treated as a new entrant into business.

No store had been opened in the interval, and he so replied, stating further in his letter:

> I would say that no one else has started in a hardware business in the town of Vonda since the closing of my store, and my store cannot be considered a new entrant. It is now over a month since I made application for a permit. In view of the fact that my small capital is being depleted for living expenses and I have no other income until I can open my business and reestablish myself in civil life, I would ask you to rush this matter through as quickly as you possibly can.

On May 31 Mr. Housey wrote again, stating:

> Owing to the fact that this store has been closed since August, 1941, it will have to be considered as a new entrant into business, as order 184 states that a business not operated or closed for a year prior to November 2, 1942, must be considered a new entrant into business.

Nothing further was done, and on June 15 one of the wartime prices and trade board representatives at Regina, Mrs. May W. Neal, wrote to him as follows:

> Will you be good enough to inform us what other stores in your community are handling the same lines of hardware, and if there are no others how close the nearest hardware stores are located to you. We must also know the definite date on which your business was temporarily suspended.

The soldier replied on June 16. In part he wrote:—

> When I was discharged from the army I had a limited amount of capital but this is rapidly being used up in living costs while awaiting permit to open my store. It appears to me, that in my case, where I had served three and a half years in the active service army and over two years in England, that my application could have been granted immediately and every assistance given to me to reestablish myself in civilian life without assistance from the government.
>
> As the matter now stands I will very shortly either have to open my business or apply to the government for assistance, as I cannot go on living without some means of supporting myself.

He received no reply to that letter. Then he wrote again on June 27 to the wartime prices and trade board, stating:

I cannot understand why it should take two months to deal with my application.

He received no reply to that, and, finally, on July 5, he wrote a letter which is undoubtedly the culmination of over two and a half months of delay. In that letter he said:

It will be ten weeks ago to-morrow since I made my application for a permit from your board. Repeated requests for some action one way or another have had no results and I have been put to considerable expense and monetary loss through this unnecessary and unwarranted delay.

Then he states something which I believe I should place before the committee. These are his words:

I can no longer support myself without some means of subsistence, and if no permit is received from your board by next Monday, July 12, my store will be open for business without a permit.

That part of the letter I do not try to justify. But here was a man who served his country, and whose two sons are overseas. He has engaged in only one business, namely, the hardware business. I know I will receive the sympathetic cooperation both of the Minister of Finance and the Minister of Pensions and National Health, and also that of hon. members generally, when I ask that this rule which prevents the opening of a business be not applied against men returning from overseas. When a man returns from overseas, and wishes to reengage in business in the town in which he formerly operated, he should be given an opportunity to do so in order to rehabilitate himself. Otherwise the observance of the letter of the regulation issued by the wartime prices and trade board means that our men, after they have served their country, are going to be denied the opportunity of rehabilitating themselves. I believe an undertaking along that line would do much to improve the morale of the men who serve.

Practically every able-bodied man in this little town of Vonda is in the army—people of various races, including besides people of British origin, French, Ukrainian and German. When these people see the regulations strictly enforced against a man who returns from overseas, thereby denying him the opportunity of earning a livelihood, it does not make for the type of feeling which should exist. I would ask the minister to alter the letter of the law, so far as the opening of new businesses is concerned, in respect of men who go overseas. When they return, they ask for and have the right to demand the opportunity to earn a livelihood. I believe all hon. members agree that these men should receive everything the country can give them fairly, and surely they should not be denied the right to earn a livelihood in the business in which they were formerly engaged.

Mr. ILSLEY: This is the first I have known of the facts, although I understand my hon. friend communicated them to my parliamentary assistant this morning. On the recital of the facts I cannot, of course, justify the delay in dealing with the case. I do not know if there is any explanation for the delay, but I shall have the case investigated. The hon. gentleman asks me to give an undertaking that a principle will be established that men returning from overseas will be exempt from the provisions of the order preventing the establishment of new businesses.

Mr. DIEFENBAKER: If they were previously engaged in business, or if their training in civil life was in business.

Mr. ILSLEY: I very much doubt if permits are denied now in cases of that kind. There has been delay in the case mentioned, I admit; but I just want to point out that this order preventing persons from going into business is of course a serious interference with the freedom of the individual, perhaps one of the most serious of the interferences that have been set up by the government. It was set up because, as persons in business understand full well, in a great many lines the stocks that are given to one trader are virtually taken away from other traders, and the order was passed for the protection of retailers and persons now engaged in business of that kind. I do not think the hon. gentleman would advocate the rescission of that rule; I do not know whether he would or not.

Mr. DIEFENBAKER: I do not argue the abolition of the rule, but I do argue against its application to discharged soldiers; otherwise you are going to deny men who have served overseas an opportunity to rehabilitate themselves.

Mr. ILSLEY: My colleague the Minister of Pensions and National Health has made representations with regard to these men returning from overseas. He has submitted that they should be granted permits; the matter has been fully discussed, and he has just handed me this memorandum: "Gordon said he would make reasonable allowance for men setting up in business after discharge by allowing quotas of rationed goods on special basis. The man's difficulty was that he had no quota," this was a British Columbia case,

"not having been in business during the basic period." I do not know just what that means, but I know that special consideration is given to cases of returned soldiers. In view of what the hon. gentleman has said; in view of the fact that this man had a store, I should think this would be a case in which special consideration would be given, but there are cases in which men want to buy stores and reestablish themselves in that way.

Mr. HANSON (York-Sunbury): They want to start new businesses.

Mr. ILSLEY: Yes. If that were allowed generally—perhaps it is allowed generally; I do not know—or at any rate if it were allowed in every case it would just mean that those in business, including veterans of the last war, it must be remembered, would be deprived of part of the stocks in trade they would be able to obtain otherwise, because there is quite a scramble now for stocks in trade in these limited lines. So that some sort of reasonable balance has to be fixed. As I say, on the statement of facts given by the hon. gentleman there has been a delay for which there would appear to be no justification, and I shall have that case looked into at once.

Mr. HANSON (York-Sunbury): What would be the attitude of the board with respect to a case like this? A well established retailer dies and there is no one in the immediate family to carry on the business. The widow must sell. Would a permit be issued to a purchaser to take over that business? Of course these questions are always based on individual cases, and I understand there was such a case in which a permit was first refused and subsequently granted. I should like to know the practice.

Mr. ILSLEY: I am told that the practice is to grant permits in cases of transfers of ownership.

Mr. HANSON (York-Sunbury): I think that would be fair.

Mr. COLDWELL: I am sorry I was out of the house this morning, on account of the various committees which are sitting, and which I think is unfortunate, but I want to ask the minister something about the purchasing abroad of various commodities in bulk. Perhaps that question was answered earlier.

Mr. ILSLEY: No. If my hon. friend will permit me, we are trying to finish up the item that was passed last night, and we shall come to the Commodity Prices Stabilization Corporation in a moment.

[Mr. Ilsley.]

Mr. COLDWELL: I thought the other item was finished last evening.

Mr. ILSLEY: It was finished, but on the understanding that I would answer one or two questions that were raised, and I shall do that now.

Mr. HANSON (York-Sunbury): Has the minister given consideration to the situation which I have brought up in the house on two different occasions, namely the application of the price ceiling along the border of New Brunswick and the absence of a price ceiling in the United States? I would urge the government to deal with that situation. Since I spoke previously in this connection a very difficult situation has arisen with respect to fuel wood along the border; I think I mentioned the matter months ago. Fuel wood is subject to a ceiling in New Brunswick. Fuel wood has no ceiling in the adjacent state of Maine. To-day the spectacle is being witnessed down there of truckload after truckload of fuel wood going across the line, commanding the higher price plus a premium. Last night at McAdam Junction a man who lives at Aroostook Junction told me that it was impossible to buy fuel wood in New Brunswick as a result of that situation. A controller has been appointed down there. Has a permit system been set up, or what is the position? As the cold weather approaches that situation will become very serious, and of course the pulpwood situation is much more serious.

Mr. ILSLEY: The hon. gentleman brought up the question of pulpwood, the export of which is under permit. Of course in connection with any commodity the price of which is higher in the United States than in Canada, very difficult questions arise because the exporters who are lucky enough to be able to get their exports under the quota permitted receive more money than those who are unlucky and have to sell in Canada.

Mr. HANSON (York-Sunbury): That is not the difficulty. The quota is so large that it will take all our exports; there is no trouble about getting a permit. The difficulty is that the local mills are not going to be able to keep going. All the pulpwood cut on the farmers' lots and in the small freehold sections of the province is going into Maine, while the portion ordinarily available to the provincial mills is not available now because they cannot meet the price. There is no trouble about getting a permit to export.

Mr. ILSLEY: According to the figures I have, the situation is that Canada agreed to supply to the United States 1,550,000 cords of

pulpwood in the calendar year 1943, inasmuch as Canada for many years has been a substantial exporter of pulpwood to that country. Realizing the possibility of a reduction in production, this quantity was arrived at in relation to our exports of both pulpwood and newsprint, and compares with exports in 1942 of 1,920,508 cords and in 1941 of 1,842,234 cords. This reduction in quantity was arranged in order to allow a greater quantity of wood pulp to be available to Canadian consumers. With regard to wood fuel, that comes under the jurisdiction of the Minister of Trade and Commerce, and I am told that pulpwood comes under his jurisdiction as well.

Mr. HANSON (York-Sunbury): I think that is correct.

Mr. ILSLEY: I am under the impression that fuel wood has not been placed under export permit.

Mr. HANSON (York-Sunbury): That is right.

Mr. ILSLEY: Perhaps it should be; I do not know.

Mr. HANSON (York-Sunbury): From the investigations I have made I think that something in the nature of a permit system could be worked out under which the local controller who is on the ground could see that supplies for local consumers were reserved for them before the surplus was allowed to go out. However, the difficulty is the difference between the selling price in New Brunswick and the very much higher price across the line. The result is that producers just will not sell locally; they will take their chances on holding. I know it is a problem, perhaps due to the failure—I say that for lack of a better word—on the part of the authorities across the line to keep prices down somewhere on a parity with ours. The effect is very bad upon our consuming population, and this problem will have to be tackled.

I do not think the person who prepared that memorandum on pulpwood visualized the true position. It is true that we have always sent a certain amount of pulpwood, but when that was done we were dealing on an equal basis with the Maine mills. However, with the present ceiling price in Canada we just cannot compete with the prices they are willing to pay. No one is willing to sell to the Canadian mills. They know that we are well within the quota and they can ship across the line and get the enhanced price of at least $5 per cord; taking into account the premium, it may be even higher than that. This situation, if not corrected, will result in at least one mill temporarily suspending operations. I am quite aware that we owe something to our United States friends in the way of supplies of raw materials, but this is the situation that exists.

I think the remedy would be to put a limitation on our price and let our people go out and compete with them on even terms. That may not be possible, but that is my suggestion. Let them take their chances on getting their share of the production. This is what should have been done at the beginning. Give them export permits, but let them compete on an equal basis.

Mr. ILSLEY: Raise the price.

Mr. HANSON (York-Sunbury): I am not suggesting that; perhaps there should be an increase in the price in New Brunswick, but that would be one more item of increased production costs. The minister talks about the cost of living, but the fact is that it is going up in every line. One item is the increased cost of producing pulpwood. I am going to send the minister a copy of a letter which I received from a Methodist minister in Windsor about the increased cost of living and the price ceiling. It will amuse the minister to read this. I am not going to put it on the record. Say what you will, commend the policy, and I do commend its objectives, the fact remains that this thing is just bursting. I do not know how we are going to hold it without control across the line. It is a terrible problem that is confronting the board having regard to the situation existing in the United States. We are right alongside the border and we are feeling the repercussions.

It is not good enough to say that the cost of living index has not risen beyond what the minister says it has. Every housewife knows differently. If the minister were marketing, as I was on Saturday, and had to pay fifty cents a pound for lamb he would know what the cost of living is.

Mr. ILSLEY: I will read the letter. I ask my hon. friend to read the remarks I made last night about the cost of living index.

Mr. HANSON (York-Sunbury): I will. I know the minister defended it. He said that it was the best that was available, but that is a change in his attitude. He always said that it was the criterion.

Mr. ILSLEY: I do now.

Mr. HANSON (York-Sunbury): I do not agree with the minister, and there is no one else in the world who does. It may be the

best index that is available, but it does not tell the true story of the cost of living. Go into any home you like in this country and you will find that the cost of living has increased by a greater percentage than that given by the minister.

Mr. ILSLEY: The cost of food has gone up thirty per cent.

Mr. HANSON (York-Sunbury): The cost of everything else has gone up.

Mr. ILSLEY: Not at all.

Mr. HANSON (York-Sunbury): The cost of firewood has gone up twenty-five per cent.

Mr. ABBOTT: What proportion of your income do you spend on firewood?

Mr. HANSON (York-Sunbury): In my case it might not be very much, but it would be quite large in the homes of some of the poor. The hon. member for St. Antoine-Westmount would not understand that.

Mr. ROWE: What basis is used in allotting the percentage to food products?

Mr. ILSLEY: Could we not finish the wartime prices and trade board item and then go on to the Commodity Prices Stabilization Corporation? I think when I answer two or three questions which I undertook to answer it should wind up the discussion on that item.

The hon. member for Kamloops (Mr. O'Neill) asked last night whether all the inspected slaughter houses were owned by the big packers. I have made inquiries and I find that there are 54 inspected slaughter houses in Canada, of which eighteen are owned by the big three packers, that is, Canada Packers, Swifts and Burns. The rest are owned by what might be called independents.

The hon. member for Lake Centre (Mr. Diefenbaker) asked the number of permits which had been granted to new entrants in business. In the first few months of the administration of the governing order it was not practicable to tabulate totals of permits issued. The figures could be obtained by a detailed analysis of the files, but this would represent a very large task. From March 16, 1943 on records have been kept which show that from that date to June 30, 689 permits have been issued. A large number of these have been for quite small enterprises; for example, 122 permits for egg grading stations and 31 for coal dealers. Permits issued prior to March 16 were for the most part granted in recognition of commitments made prior to November 2, in accordance with the policy announced when the order was issued. The hon. member asked for the distribution of permits by provinces. There are four districts, and the distribution was as follows:

Western provinces	360
Ontario	178
Quebec	106
Maritime provinces	45
	689

The larger number in the western provinces is due to three factors. One, quite a number of egg grading stations were authorized; two, a large number of people were given the right to mix and sell mixed feed for live stock and poultry, and, three, it was necessary to authorize a number of new businesses to take care of the new Alaska project. The records of the director of licensing do not show separate figures for each western province.

The hon. gentleman also asked for the figures showing the effect upon retail stores. Particulars as to the closures of retail establishments are not available, but the figures for commercial failures, as published by the Dominion Bureau of Statistics, show the following for the trade and service groups:

1938	776
1939	861
1940	792
1941	671
1942	522

The corresponding figure for 1931 was 1,357.

These figures, of course, do not tell the whole story, since there are a substantial number of persons retiring from trade otherwise than by failure. Figures for the total number of closures of retail establishments are not available, but the wartime prices and trade board has, on three occasions in the past year, arranged for test surveys to be made of the reasons for closures, examining approximately 150 cases on each occasion.

These surveys were made on recognized sampling techniques, and I have every reason to suppose that they reflect conditions generally. The surveys show conclusively that by far the greatest number of closures are still occasioned by reasons of illness, old age, and bad management, but quite a number are due to transfers into war industry and other civilian employment.

Some closures were reported as being due to curtailment of supplies. This is inevitable during war time, and must follow from the restrictions on manufacture of certain consumers' durable goods.

There has apparently been some increase in the closures occasioned for these reasons; the fact remains, however, that the greatest number of closures are still occasioned by reasons other than war-time controls.

The hon. member for Qu'Appelle wanted a statement of the rental prosecutions for the province of Saskatchewan. From December, 1941 to June, 1942, there were 6; in July, 1942, 2; August, 3; September, 6; October, 12; November, 4; December, 5; January, 1943, 6; February, 3; March, 3; April, 5; May, 3; making a total of 58.

Mr. HANSON (York-Sunbury): Is that for the whole of Canada?

Mr. ILSLEY: No, just for Saskatchewan. I have here the figures for the other provinces, but they were not asked for.

The hon. member for Lake Centre asked for the number of directives that have been issued pursuant to the announced statement of policy on equitable distribution of goods in short supply.

This policy is implemented by all administrators of the wartime prices and trade board, and no centralized record of the directives given by such administrators is maintained, nor would it be practicable to do so. Any person who is of the opinion that he is not receiving his fair share of goods in accordance with the announced policy may apply to the appropriate administrator for relief, and if the administrator is satisfied, appropriate action is taken. Frequently such action is quite informal and an official directive is not necessarily issued.

The hon. member for Saskatoon City (Mr. Bence), suggested that there had been a deterioration in quality of gasoline without a corresponding reduction in price. The standardizaton of grades of gasoline is covered by oil controller's order No. 008-A, dated September 26, 1941, which date is prior to the commencement of the over-all price ceiling.

Mr. HARRIS (Danforth): Perhaps at the proper time the minister would answer a question I am going to put to him now. It seems that it has been necessary since the outbreak of the war to change the wording of the auditor's certificate of accounts, and perhaps with regard to the wartime prices and trade board. How far behind is the audit now? Last year it was considerably behind, but there has been some catch-up. What means are being taken to keep the audit close up to the expenditures?

Mr. ILSLEY: I think that would come under the item for the auditor general.

Mr. HARRIS: Yes.

Mr. ILSLEY: I will try to be prepared with the information when we reach the item.

Mr. O'NEILL: Last night I asked a question with respect to the slaughtering of hogs. Reading *Hansard* to-day I am not very sure just what the minister meant. The minister said:

> For export houses the quota is fifty per cent of 1940, and for others it is seventy-five per cent of 1941.

Then he goes on to say:

> There have been 12,000 slaughter permits issued, and there are about forty-five or fifty inspected houses. I cannot imagine that all of them are controlled or owned by the packing industry.

He concludes by saying:

> I shall have to get some information for the hon. gentleman. I shall look into the situation.

My information is that in the city of Vancouver there are three of these packing houses. Two of them are owned by the large packing concerns and the other was an independent concern. There was a mortgage on it, and they were closing out the mortgage. The minister says that a quota is placed on the slaughtering house, so that quite naturally there would be no way for the independent man to get his produce in there.

Mr. ILSLEY: It would not make any difference, because the quota is a proportion of the number slaughtered in 1940 or 1941, as the case may be, and the result would be the same whether the quota went by establishments or by companies. The answer I gave was correct, except that I should have said "inspected" houses rather than export houses, but the two terms are used interchangeably in common parlance. What I said was substantially correct. I said forty to fifty, but it should have been fifty-four inspected houses. Eighteen of them are owned by Canada Packers, Swifts or Burns, and the rest by other packers. The quotas for hogs are the quotas I gave last night; the quota is 50 per cent of the 1940 slaughtering for domestic sales by the inspected houses, and for non-inspected houses 75 per cent of the 1941 slaughtering.

Mr. O'NEILL: I understand that exactly the same procedure was adopted with respect to hogs as they had for cattle. But that was changed so that the quota is not divided among the packers on the same basis as it was last year. Instead there is a quota to a district, and all you have to do then is to have your animal slaughtered in an accredited house.

Mr. ILSLEY: There is no quota to a district.

Mr. O'NEILL: The information I have from the foods administrator is that the quota used to be divided among firms, but that was

changed and now there is a certain quota for a certain area. It no longer applies to any particular company. But with hogs that does not apply. With hogs it is a quota to a concern or packing house. That is unfair to the small dealer and bad for the producer.

Mr. ILSLEY: There are no district quotas, I am informed. It is a technical matter, and perhaps the hon. gentleman would take it up with me. It is pretty hard to get much further with it in a discussion such as this. All I can do here is to put it off for the moment, look into it a little more and then come back.

Mr. O'NEILL: I do not want to hold up the minister's estimates, but a quota as between companies who had formerly done business is not, in my opinion, a fair way to have it. If there are a certain number of animals to be slaughtered, the man who will pay the producer the highest price and keep within the ceiling is the man who should be permitted to slaughter these animals. If you are going to operate it on a quota or percentage of what these men slaughtered last year or in 1941, you are going to squeeze out the small producer. There is no doubt about that.

Mr. CHURCH: I want to add a few remarks about the administration. There is a grave danger in the rapid expansion of this wartime prices administration, which went from $55,000 to $161,000, to $10,514,000, and now to $14,300,000 a year. By this rapid expansion in geometrical progression you are creating a mechanism which is not only inflationary in the widest sense but very possibly will not attain the objects for which it was created. It is fraught with great danger to the finances of the country in other ways and to all connected with the system. Just look over the many phases of the problem which has been discussed in the past twenty-four hours with regard to some twelve different forms of business. One cannot expect the Minister of Finance to know everything about this particular organization; it amazes me that he can attend to as much as he does. I do not want to be critical of him; I hope he has not inferred from what I said the other evening that I am critical of him and his department. But in a report made by a very important bank they point out that the more expensive and elaborate an administration becomes, the greater the opportunity for mistakes, and the more costly the mistakes, the greater is the inflationary effect. That is true. Anyone who has had any experience in this connection knows it to be true as subsidies tend to widen and cover more producers cost increase. There is a great deal of information on the administrative part of the board's work in a very informative bluebook covering the period September 1939 to March 1943.

From the various references which have been made in this debate one can see how widely this work has expanded. One hon. member has just referred to slaughtering, another has spoken of fluctuations in the cost of living affecting many very important phases of production and distribution. The system has widened out to something we never thought of. What I am fearful of is that we shall go a little too far. There was a return brought down on March 18 last, and I think the minister stated that, so far as the economic administration of this department and the economic life of our country were concerned, this had been turned over entirely to an outside board with such complete control that it was practically a parliament in itself. The head of it could issue rules and regulations having the force of statutes, with the grave dangers which attend such a proceeding. When the board started I asked certain questions of the minister concerning the expansion all along the line of this administration, which now costs $14,300,000. The higher you soar into the clouds of finance the less the likelihood that the money will be well spent. That is a well known economic principle.

On March 18 last I asked this question:

Who is the minister of the crown responsible for the various public utterances of—

The chairman of this board.

—and all his staff and controls, sub-controls and other officials in Canada, and are these speeches first submitted to each separate ministry?

2. What has been the cost of the wartime prices and trade board since its inception, by years?

3. What are the salaries, living allowances, travelling expenses and other allowances of each headquarters officer or official of the said board since appointment and what was the previous occupation of each?

4. Who instructs them as to their duties?

There has been a great deal of criticism of one of the branches which deals with rentals. I think the hon. member for Yorkton dealt with this matter the other evening.

5. What is the number of officers under each control and the total payrolls for the last year of record of the board and its officials?

Here are the answers: First, as to who is responsible:

The wartime prices and trade board is responsible to the Minister of Finance. The texts of such speeches and public addresses are not normally first submitted to the minister.

In other words the chairman of the board can pass orders and rules and regulations having the force of statutes and impose fines up to $5,000 and is himself in absolute control of our whole economic life. That is a very dangerous practice. True it is that there is a war on, but I am sorry to see what is going on in the name of the war. All over the country we find activities alleged to be for the war which are not for the war at all. I am surprised to see that the war is blamed for many expansions in the administration with which it has nothing to do.

To the second question, what has been the cost of the board since its inception, the following answer is returned:

September 3, 1939, to March 31, 1940	$ 55,117 41
Year ending March 31, 1941	161,309 48
Year ending March 31, 1942	1,436,988 61

Information for the fiscal year ending March 31, 1943, not yet available.

The next question is, what are the salaries, living allowances, et cetera, of each official of the board, and what was his previous occupation? From the answer it is clear that a large number of lawyers and others were brought into the department as counsel, solicitors, administrators, assistants in the price division, and deputy administrators. They must have a very large legal busines to judge by the amount of money spent on legal costs. As to the administration of rentals, more than sixty per cent of it is just a farce. The minute the man who got the position is appointed what does he do? He heads for Chicago to address a real estate convention. Then they have a "special assistant to newsprint administrator." Of course they have press officers who, I know, beset the newspaper offices. I know that myself, from the unfair and untrue criticism I have had in the past two or three years from certain of the corporation press in one part of Canada. The secretary of the board is answerable to the chairman, we are told in the return. I do not know anybody who was not answerable to the chairman. I do not think the chairman is answerable to anyone in the heavens above or the earth beneath or the waters under the earth. Is there anything in that important agency, from beginning to end, which the chairman of the board is not over? Then there is the chief of supply. He is loaned from the foreign exchange control board. There are many other administrative officers, but I will not detain the committee by reading a list of them. I find that hardly any of these men know anything at all about what they are trying to administer, or have any practical experience in it whatever and never had. As I said the other day in connection with the administration of beef and butter, all they know about beef and butter is what they consume themselves. We find doctors of everything, lawyers, clerks, preachers and everybody else brought into the department to handle the business, economic and all else, of this organization. Would anybody here engage a Doctor of Laws to manage his wholesale business? No. Doctors of Law are all right in their sphere, but certainly this is not their sphere. Go over the whole department and you will find similar occasions for criticism. The chairman, the administrator of this department, with a payroll of $14,000,000 is himself a civil servant. I have never yet said in this chamber anything of a personal nature about a man, and I do not intend to begin now.

They are all gentlemen, as far as I know. There is one very fine man sitting at the table now, and I would probably not have said as much as I did had I been aware of the fact. But the public principle is just the same no matter where these gentlemen sit, whether here in the gallery or behind desks in an office. They are passing orders that affect the liberties of the subject and a lot of what is done is doing little or nothing to win the war. I can say that this sort of thing has been condemned in the British House of Commons and an attempt is being made there to get away as much as possible from it. The other day I referred to what is being done at the present time in Washington. They do not want to have any such elaborate system of controls there. We had an example of it in the new deal idea which was introduced by Professor Moley of Cleveland into the United States some years ago, and this method of erecting artificial barriers and all kinds of barriers in the way of business was condemned in that country before the war. They saw something of what was coming in this war and they are trying now to reduce administrative machinery in the senate there as far as they possibly can instead of expanding it as we are doing here. The more it expands and widens in Canada, the greater the likelihood of the whole system collapsing, because we are simply building on sand and when the rains descend, and the winds come, and the floods rise, woe betide the taxpayer of Canada, the retailer, the wholesaler and all the little business men throughout the country.

The small stores are being closed up right and left. In my own constituency 18 per cent of these small establishments have gone out of business, and I have been told by responsible

persons that this figure will rise to anywhere from 20 to 40 per cent. Going down on the street car on Yonge street I can see buildings in which small stores used to flourish and which are now converted to other housing uses. There was one fish store in Toronto that had been carrying on business for thirty years and now it has been turned by conversion into a three-family apartment. I do not know how people can possibly live in a place from which the smell of fish cannot possibly have been removed after all that time. All these little stores are being put out of business by this board.

The chairman himself was a civil servant, and what does he do? He gets first a skeleton staff, two or three civil servants of the second class, around him and then appoints outsiders. I do not wish to say anything to disparage the civil service. Far from it. I think we have an excellent civil service in this country. From that service some men have gone into business outside and have risen to the top. One such man has made a success of the banking business and is head of a bank to-day. He used to be in the Department of Finance. Our civil service has been a blessing to the taxpayers of Canada. These able men have worked for comparatively small salaries all their lives and have effected a great deal of economy in the country's administration. We have one able man at the table to-day, and there are many in the minister's department. But after selecting a skeleton staff they go to the universities to get their men. One favourite university is that in Hamilton, McMaster, a fine university. I remember when it used to be on Bloor street in Toronto, and I can say that it has turned out some very able men, for example, Mr. Cyrus Eaton of Cleveland, a Canadian, a man of outstanding ability and a credit to this country. But this board gets together a lot of professors, doctors, lawyers and other professional men and marches them into the office before the chairman and he assigns them to duties all over the country.

They have virtually assumed kingly powers over the citizens of Canada and over parliament, and they issue their edicts every day. Municipal officials are constantly writing to me from various parts of Ontario asking me what this or that order in council means, but no Philadelphia lawyer could tell them what the law is. They have drawn for a staff on the genius of a cosmopolitan collection of self-styled patriots, because that is all they are, who have left their chairs in college and their teaching, their offices and their desks in Toronto, Hamilton, and also here, to serve the state, if you please, at two or three times the salary that an able civil servant receives. They are disrupting the whole civil service by such favouritism. And added to that, they receive travelling expenses, hotel bills, and so on. When I travel on the trains I can see the sort of accommodation provided for them compared with what ordinary civilians have to put up with.

It would not be so bad if these gentlemen knew anything at all about business, retail or wholesale, or about technical questions which they seek as amateurs to control and which they presume to dispose of. As I read a list of these gentlemen, from beginning to end, I am reluctantly driven to the conclusion that generally speaking they are chosen by the chairman of the board on the principle that they have no knowledge whatever of the work they are asked to undertake. And what do they do? They begin by driving out of business all the small storekeepers and retailers on Bloor street, Yonge street and elsewhere, all the little producers and dealers, and muddle all production and distribution. They are driving all these people to distraction with the number of orders they issue directing experienced men how to run their business. Last night I referred to clothing. Well, these gentlemen are telling people engaged in the retail and wholesale business exactly how to run their affairs, and the result is that to-day we have a sort of tower of Babel.

They issue their orders every day over the radio and in full-page advertisements in the newspapers, and some of the corporation press will not publish one word of criticism of them. Instead of that they write pages of articles eulogizing these many control gentlemen and their sisters and cousins and aunts. And the writers of such articles do not publish their initial names as formerly. A lot of these people have adopted the hyphened compound name. Suppose some gentleman who used to be known as John K. Doorhandle is appointed an administrator; thereafter he becomes John Knob-Doorhandle. In some instances where the state takes over a business from private enterprise, these men step in to control and to direct businesses that have been managed by the same family people for two or three generations. These bureaucrats step in and dictate to the son or the grandson of some man who established a well known business two generations ago, and, let us say, which has been running successfully all these years. The bureaucrats come in and destroy it by their amateur mistakes. The result is that private enterprise is nowhere to-day, because the private business man is not allowed any

longer to use his own initiative. He must obey the dictates of this new form of civil service bureaucracy that has sprung up in the country and knows not how to operate a competent business.

I submit that we are allowing this modern bureaucracy too much leeway. The deputy subcontroller has to report to the subcontroller, and the subcontroller to the controller and the controller to somebody else, so that there is no finality about anything. Weeks and months pass before you can get anything done or any finality along any line. The man in private business gets results and he will admit his mistakes when he makes any, but not these gentlemen. I do not believe in this expansion system; we have had too much of it and, as I said last night, I believe there should be some curtailment of it, although a lot of good work has been done so far. This item of administration has now reached $14,300,000. I do not know what auditing of this amount there can be. For two years I have been trying to find out who has control of the department, whether it is the comptroller of the treasury or the auditor general. These are war appropriation items, and all the comptroller of the treasury has to do is to put his stamp on them, without any investigation at all. The auditor general wrote me a letter last year in which he said, "I have no control over these war appropriation bills." He deals only with civil estimates.

I can tell you we are heading for disaster. I have not made any strenuous objection, because I believe the minister is overburdened with work. I believe, too, that he has done a great deal of good work in the prevention of the inflationary spiral. I am prepared to admit that. May I add that he has the backing of the large majority of the people of this country in what he has done so far to control inflation; but surely the time has come when we should change our policy of dealing with the whole problem. Let us do something to help wholesale and retail business men. I say this because there are many small retail business men in my constituency, and I have been deeply impressed by what I have heard people say.

For instance, I have in mind one business on Eastern avenue which has operated for almost a hundred years. But they have now been driven to the wall, and have had to close up. There are many poor people in my constituency, because it is very largely a workingman's community. I deeply sympathize with them, when they come to me and tell me that families which never knew what it was to be haled into police courts, families whose records have been clean for three generations, have now been subjected to that sort of treatment, for some petty infraction.

I did not say what the newspapers reported with respect to prosecutions. I said in the return I read there were 150 in the two years and nine months, 96 of which were from Ontario mostly Toronto. The minister gave the figures correctly when he placed them on *Hansard*. There were 3,355 prosecutions from December 1, 1941, to May 31, 1943. There were 894 for infractions of the price control regulations, 952 for infractions of the rental regulations, 465 against the rationing regulations, and 225 prosecutions of other kinds. Then, there were 467 prosecutions in connection with the sale of gasoline, 263 in connection with tires, and 65 other prosecutions. Then, if we deduct the figures 150 which I gave for the first two years and nine months we have a figure of 3,205 prosecutions in the last fiscal year.

I do not wish to detain the committee further. I have always been opposed to this censorship business. I do not blame the minister for it, or the chairman of the board. But I do know that some of these press officers are going into the newspaper offices to attack those here who dare criticize—at least, I have been told that by newspaper men. I have great respect for the minister and his department, and his fine parliamentary assistant. I exempt them. But I do sympathize with those people who have been driven out of business by drastic controls. Businesses have been operating for two or three generations and they have gone to the wall. Some of their sons are at war. Of course those people hope to hold their business. I attended a funeral the other day of a man whose business had been in the family for three generations. Three of that man's sons are overseas. The father is dead, and when they come back they will not have a business. They will have no business to conduct when they return. I do plead with the minister to put on the brakes on some of these controls that will not aid the war and will lead to inflation. I would ask him to have the board put on the brakes, so that we may have some private initiative, thrift and enterprise, and an opportunity of conducting wholesale and retail business, and small business, not only in Toronto, but in other cities throughout Canada.

Mr. BLACKMORE: Before the item carries there is one matter we should consider with some care. We hear the word "inflation" used, apparently with a wide variety of meanings, by different hon. members who speak in the

house. As I take it, the whole object of this appropriation of $120,000,000 for the year 1943-44 is that—

Mr. ILSLEY: May we regard the item for $14,300,000 as having been passed, so that we may proceed to the item for $120,000,000?

Mr. BLACKMORE: That is what I wanted to know.

Some hon. MEMBERS: Carried.

Mr. BLACKMORE: That is satisfactory to me.

Mr. GILLIS: Well, we are mixing things up.

Mr. BLACKMORE: Who has the floor?

Mr. GILLIS: I am not satisfied to have this item carried, because I want to say something about it. If it is not carried, then the hon. member may have the floor.

The ACTING CHAIRMAN (Mr. Golding): Is the administration item carried?

Mr. GILLIS: No.

Mr. TAYLOR: It was carried last night.

Mr. ILSLEY: It is just about impossible to keep any sort of order in our procedure. I made the mistake last night of pressing for the passage of the administration item, on the understanding that when the next item was called I would answer certain questions left over from this one. Then the hon. member for Lake Centre said that he had been absent from the house, and asked that we return to the administration item. I said that I would answer a certain question, and that started a new debate on an item already carried. Could not the hon. member ask his questions on the next item?

Mr. GILLIS: Yes, certainly. I have no desire to hold it up, but I did not want my observations ruled out of order because they might not apply to the item before the committee.

Commodity Prices Stabilization Corporation—subsidies due to application of order placing a ceiling over all prices, $120,000,000.

Mr. COLDWELL: How are commodities bought from overseas producers? I am thinking of tea, coffee, spices, vegetable oils and articles of that description. As I understand it the government to-day is controlling the importation of these commodities. Is that done through a government organization, or is it done, as I believe it is, through brokers? If so, what brokers do this kind of work, and on what terms? I should like to have a clear picture of it. I have been asked a question on the point, and I am not just clear in my own mind as to how purchases of commodities of that kind are conducted.

Mr. ILSLEY: The best answer to a question like that would be a reference to the report of the wartime prices and trade board.

Mr. COLDWELL: I am sorry I have not read it.

Mr. ILSLEY: It is a good foundation for any discussion with respect to these matters. At page 29 I find the following:

> The third method by which the government has taken a share of a "squeeze" too heavy to be absorbed by industry and trade has been through purchases by the Commodity Prices Stabilization Corporation of Canadian requirements of certain imports from abroad. In general the corporation sells such imports at prices appropriate to the retail ceiling. It is selling tea, for example, at a price appropriate to the reduced retail price announced in accordance with the cost of living reduction programme. Coffee has been sold at a price appropriate to the ceiling in spite of cost increases, although now these cost increases, as well as the 4 cents a pound reduction on retail sales to consumers, have been offset by cancellation of the special war duty. Despite increased costs the selling prices of other bulk purchases, among them cocoa beans, bristles, beeswax, spices, dried fruits, fertilizers, pesticides, oils and fats, and certain types of cotton fabrics, have also been set in appropriate relation to retail ceiling prices. Economies resulting from centralized buying through a single government agency have made it possible to keep trading losses to a minimum. Trading losses incurred by the Commodity Prices Stabilization Corporation up to February 28, 1943, totalled $2,111,383.28.

Mr. COLDWELL: That is not the point in which I am particularly interested. I was wondering just how this business is conducted. Do we buy and sell through brokers, or does the commodity control board have its own organization, or does it designate certain brokers, or just what is done in this regard?

Mr. ILSLEY: The corporation imports and distributes. They have, managing the bulk purchasing division, the firm of Harrisons and Crosfield (Canada) Limited. They manage the bulk purchasing division on a commission basis.

Mr. COLDWELL: They act as sort of brokers?

Mr. ILSLEY: I would not say they were brokers. I am informed that their position is that of manager of the bulk purchasing division of the Commodity Prices Stabilization Corporation, but they are paid for those services on a commission basis. That is the correct statement of the position.

Mr. COLDWELL: Are any other firms allowed to go into the market outside Canada and buy and import goods?

Mr. ILSLEY: In the case of some commodities purchases can be made only by a governmental agency; those in control of the foreign source of supply will sell only to a Canadian government agency, and in that event no other importer in Canada would be in the field. In other cases the government buys through the Commodity Prices Stabilization Corporation and importers are buying as well.

Mr. COLDWELL: Was this form of transaction organized in any degree through pressure from overseas sellers? Did they express the preference that rather than have a government organization set up they would prefer to deal through a firm of brokers? The minister does not designate them at the moment as brokers, but from his answer to my first question I would take it that this firm has been in the brokerage business. Am I correct in that?

Mr. ABBOTT: No; they were large general importers of tea and coffee.

Mr. ILSLEY: Harrisons and Crosfield are one division of a very great organization.

Mr. COLDWELL: Are they part of an English organization?

Mr. ILSLEY: Yes; I understand they are part of an English organization, though I do not know very much about them. I believe the question is this: has the English government or have English exporters stipulated that these goods must be bought through Harrisons and Crosfield. Is that it?

Mr. COLDWELL: It would amount to that, practically.

Mr. ILSLEY: The answer is very definitely, no.

Mr. COLDWELL: They did not designate this particular firm?

Mr. ILSLEY: No.

Mr. COLDWELL: Then what about the other firms who were engaged in this kind of business before the war? Are they in any way taken into this set-up and allowed to continue in business, or what has happened to them? What I mean is this: if it has been practically all centred in this one firm, what happens to the other firms?

Mr. ILSLEY: The bulk purchasing division of the Commodity Prices Stabilization Corporation tries to distribute through existing channels. I do not like to have it suggested that this manager is anything other than an employee of the bulk purchasing division of the corporation, because that is the true relationship, even though payment is made on a commission basis. Is the hon. gentleman talking about importations?

Mr. COLDWELL: Yes.

Mr. ILSLEY: If we are the only buyers no one else can import; that is all.

Mr. COLDWELL: Then it is this firm that makes the arrangements for the importations, and this firm gets a commission for making those arangements?

Mr. ILSLEY: It is not correct to say that Harrisons and Crosfield Limited import; it is the bulk purchasing division of the Commodity Prices Stabilization Corporation that does the importing. These people manage it; they organize it; they arrange it for the corporation, and are paid on this basis. Of course the business is not divided up. If you are buying so many raisins, for instance, you do not have a dozen people working for you buying those raisins; you do not have all the ordinary importers of raisins sharing in the buying for the corporation. These persons do the buying.

Mr. COLDWELL: Does this management firm designate how the distribution of the articles so imported shall be made? Would it be entirely in their hands to say where these commodities should go?

Mr. ILSLEY: No; they do not have anything to do with the distribution, which is directed by the administrator of the commodity in question. As the hon. gentleman knows, there are administrators having jurisdiction over practically every commodity.

Mr. COLDWELL: The minister said just now they were paid on a commission basis.

Mr. ILSLEY: That is right.

Mr. COLDWELL: How is that commission calculated?

Mr. ILSLEY: A question was asked about this company by the hon. member for St. John-Albert on February 4, 1943, to which an answer was given on March 3, as follows:

1. Do Harrisons and Crosfield (Canada) Limited act as brokers for Commodity Prices Stabilization Corporation?

A. No.

2. Is this company employed by the corporation in any other capacity?

A. Yes; as the managing agents of the bulk purchasing division of the corporation, their responsibilities being to arrange for procurement of the goods and thereafter take all necessary action to ensure delivery.

3. How long has it been employed as broker or in any other capacity with the corporation, and on whose recommendation was it appointed?

A. In the above capacity, since March 1, 1942; directly by the corporation at its own instance.

4. Is this company the exclusive broker for the corporation, and if not how many other persons or companies are so employed, and what are their names and addresses?

A. No; bulk purchases by the corporation are distributed as far as possible through ordinary trade channels which may include the use of brokers.

5. What remuneration does this company receive for its services to the corporation, and what service has it rendered the corporation to date, and how much has it been paid in each case?

A. The contract with the corporation provides that Harrisons and Crosfield (Canada) Limited assumes the cost of office, travelling, salaries and other charges (except office space and stenographic assistance at the head office of the corporation), such expenses to be reimbursed to Harrisons and Crosfield out of commissions covered by the following schedule. These commissions are calculated on the f.o.b. port of shipment price, i.e., on the prime cost, exclusive of transportation, duty, insurance and similar charges:

Up to		$ 100,000—	2½ per cent
Over $	100,000 but under	250,000—	2 per cent
Over	250,000 but under	500,000—	1½ per cent
Over	500,000 but under	1,000,000—	1 per cent
Over	1,000,000	—	½ per cent

Harrisons and Crosfield (Canada) Limited are required to keep separate accounts for expenses incurred exclusively in connection with the corporation's business. To the extent that the net earnings of Harrisons and Crosfield (Canada) Limited, including profits from the contract with the corporation, bring the total profits of the company above the profits subject to income taxes earned in the company's fiscal year ended April 30, 1942, such earnings on the corporation's business will be rebated. Under this general arrangement definite settlement has been made up to September 30, 1942. For the four months which have elapsed since that date advances amounting to a total of $20,000 have been made, subject to final accounting and adjustment which, under the agreement described above, takes place quarterly but is naturally delayed on account of the necessity to prepare statement of profit and loss for each quarter. The agreement came into effect about 1st March, 1942, and the total cost for the seven months ending September 30 was $47,017.42 which, as indicated, includes all salaries, travelling, office and other expenses. This covers a total turnover during the period of approximately $15,000,000. The total cost of the period was therefore less than one-third of one per cent of the turnover, the limiting factor mentioned above having had the effect of reducing the commissions which would otherwise have been payable under the above schedule for this seven months by no less than $96,080.42.

The services rendered the corporation is covered by the answer to question No. 2. It will be seen from the above explanation that the cost of services cannot be apportioned to individual transactions.

[Mr. Ilsley.]

6. What is the total amount this company has been paid to date for services rendered the corporation?

A. Up to September 30, 1942, Harrisons and Crosfield (Canada) Limited have received payments as mentioned above of $47,017.42. For the four months ending January 31, 1943, the company have received advances of $20,000, subject to accounting and adjustment on a quarterly basis, as explained above.

7. Is this company employed in any other capacity by the government or any board or other corporation set up by the government and if so, by what department, board or other corporation and in what capacity and how much has it received to date for its services?

A. No information.

Mr. COLDWELL: I notice that they may employ other brokers and pay brokerage charges; in that event would those charges be added to the price, or would they be paid by the commodity prices corporation?

Mr. ILSLEY: The answer to question No. 4 is that bulk purchases by the corporation are distributed as far as possible through the ordinary trade channels, which may include the use of brokers. I would imagine that dried fruits or tea or whatever it is would be distributed in the same way as the importer or manufacturer would distribute the product. If it is necessary to use brokers, they would be used.

Mr. ABBOTT: Harrisons and Crosfield (Canada) Limited have nothing to do with distribution.

Mr. COLDWELL: I wanted to know to what extent brokerage charges would affect the price level, but apparently the brokerage services mentioned there is the type normally used in the trade.

Mr. ILSLEY: That is correct.

Mr. COLDWELL: I do not know, but it seems to me that to designate one firm might cause a great deal of criticism. I suppose it was chosen because it is equipped to do this particular type of work?

Mr. ILSLEY: That is correct. There has been some criticism.

Mr. COLDWELL: I would rather see a government organization representative of the various importers, if it were possible to organize it. However, the minister has given what appears to be a good accounting this afternoon.

Mr. ILSLEY: I am informed that this is a very efficient organization and that the arrangement is quite satisfactory.

Mr. QUELCH: What part of these subsidies apply to imports?

Mr. ILSLEY: The import subsidies are estimated at $64,000,000; domestic subsidies at $40,000,000; trading losses at $15,000,000; expenses at $1,000,000, making a total of $120,000,000. Some of the trading losses would have the same effect as import subsidies.

Mr. QUELCH: There seems to be a good deal of fear that the price level in the United States may cause a rise in our price ceiling, but so long as we continue our subsidies it should not materially affect Canada because on balance the exports would gain by the amount that we lose on our imports. We would not suffer at all provided we carried on our subsidies to maintain the price ceiling.

Mr. ILSLEY: That is quite theoretical, and I do not know whether I can give an answer. If prices went up very high in the United States, our subsidy bill would be very great. The payment of subsidies is an inflationary influence in itself, nevertheless we feel that it is desirable because it is not nearly as productive of inflation as letting prices go uncontrolled would be.

Mr. QUELCH: How can the minister say that it is inflationary in view of the fact that it is used for the purpose of reducing prices?

Mr. ILSLEY: It is the spending of government money, it increases the purchasing power and it puts an additional strain upon the ceiling of prices. It is used to hold them there; nevertheless it puts an upward strain on them.

Mr. QUELCH: But on the other hand you are obtaining a large part of that by taxation, which would have a deflationary effect; it should counterbalance the other.

Mr. ILSLEY: If we could get everything back by taxation there would be no difficulty; there would be nothing inflationary about the payments being made, but of course we cannot do that. We can get some of it back; we can get a lot of it by borrowing, but it does not work perfectly by any means.

Mr. QUELCH: In view of the fact that we are having trouble in maintaining a price ceiling, would it not be a good thing to eliminate the sales tax, which would give relief to the extent of 8 per cent, and then substitute direct taxation for the sales tax?

Mr. ILSLEY: I would not be in favour of that, because we have so much difficulty with direct taxation. Hon. members are familiar with the problems that income taxation creates. We are told by creditable sources all over Canada that because of the progressive factor of the income tax, higher earnings being charged a greater rate, the working of overtime is discouraged and there is greater absenteeism, with a resultant diminishing production. If we raised our income taxes sufficiently to make up for what we would lose by repealing the sales tax, the undesirable features of the income tax would be accentuated. After all, the sales tax takes purchasing power back from people who I think can now afford to pay.

Mr. QUELCH: But it falls most heavily upon people who are in the low income brackets, because it takes a greater proportion of their income.

Mr. ILSLEY: It seems to be regarded as perfectly natural and normal that a man in the lower income brackets will not wish to work if most or a large part of his pay is taken in taxes. But it seems to be considered an abnormal and shocking thing if a man in the high income brackets should act in the same way.

Mr. QUELCH: It is the amount that is left after the taxation is applied that really counts, and the amount that is left to people in the higher income brackets, even after the heavy taxation is applied to their incomes, is much higher than what is left to the people in the lower income brackets.

Mr. ILSLEY: Whether we like it or not, you cannot possibly level the standard of living of everybody in the country. The organization of society is such that it is impossible.

Mr. QUELCH: You can at least make it more equitable in time of war.

Mr. ILSLEY: That is exactly what we have done, and done to a tremendous degree.

Mr. COLDWELL: I understood the minister to say that the amount paid to this particular firm in commission averaged one-third of one per cent.

Mr. ILSLEY: On the turn-over.

Mr. COLDWELL: Yes. Then I understood the minister to say—he will correct me if I am wrong—that on $100,000 and up to $250,000 the commission was 2½ per cent, and then going to the top, on $1,000,000 the commission was one-half of one per cent. In view of those figures I cannot see how the average could be one-third of one per cent.

Mr. ILSLEY: There is profit control.

Mr. COLDWELL: That is where profit control enters?

Mr. ILSLEY: Yes.

Mr. COLDWELL: That clears it up.

Mr. GILLIS: I wish to make a few remarks on this appropriation of $120,000,000, which is largely to take care of subsidies in order to maintain the price ceilings. Let me preface what I have to say by an observation with respect to the minister's statement a few nights ago that the Department of Munitions and Supply, one of the largest purchasers of commodities in Canada, has not in the past been bound to observe the price ceiling. The understandnig now is that it will observe the price ceiling after consultation with the wartime prices and trade board. But under the regulations, the Department of Munitions and Supply is not in duty bound or morally obligated to pay any attention to the price ceiling. I do not desire to go into a lengthy discussion of this matter, but if we want to maintain respect for the laws of this country and have them observed to the letter, I submit to the minister that the laws of this country must apply to each and every person in Canada without regard to his particular position. I am a little sceptical, as I think the great majority of the people of this country are, over placing this kind of leeway through the Department of Munitions and Supply in the hands of people who in my opinion are largely buying from themselves.

A return which was brought down recently for the hon. member for Rosetown-Biggar sets out that there are fifteen controllerships in the Department of Munitions and Supply and fourteen controllers. I am not going to read the list; but taking it by and large, the personnel in control in the Department of Munitions and Supply are for the most part directors of most of the large corporations in this country, including some of the packing houses, who are selling raw materials to that department.

The hon. member for York South pointed out a few nights ago that within the last year four of the large packing houses in Canada were permitted, on account of a shortage in beef, pork and other commodities, to sell to the Department of Munitions and Supply above the price ceiling, and what I am trying to tell the minister now is this. If, in order to avoid inflation in this country, it is necessary to keep the wage-earners down to a certain wage level so that they shall not compete for peace-time commodities or non-essential war commodities, and at the same time you are to allow the Department of Munitions and Supply, which is the largest purchaser of commodities in this country, to compete in the open market and spend millions without observing any price ceiling at all, then, while I am no expert in finance, I think that shoots the argument for inflation full of holes.

If we are to permit the controllers in the Department of Munitions and Supply—men who are on loan to the government, who are the servants of the government, and who are also responsible to their own organizations and who through the Department of Munitions and Supply are buying from themselves—to have unlimited authority in the spending of the taxpayers' money, the anti-inflationary machinery cannot work; and once that is understood, you will not get the cooperation of the average working man and working woman in this country who after paying taxes are living on just about a subsistence level. I am not quarrelling with the price ceiling. I think it should be maintained; I know it is necessary. But I think the minister should make it distinctly understood that the ceiling must apply to everyone. Even with the controls there are, the fact that there were 3,000 prosecutions last year is proof positive that enforcement of the ceiling is necessary. I would not want to imagine what the situation would be without a ceiling when we have the number of prosecutions we had last year in the face of all the controls that are now in operation.

What I am trying to emphasize is that all purchases by the Department of Munitions and Supply should come under the price ceiling. The price ceiling should apply to those who are selling to the whole Canadian public just as much as it applies to the average man or woman who makes a purchase in a store, and just as much as it applies to the ordinary merchant who has commodities to sell. There is no argument that I can see for allowing the Department of Munitions and Supply any latitude with regard to the price ceiling because, to start with, they have a priority even without the ceiling; they can get what they want. The average citizen of Canada readily concedes that the armed services have first call on any commodities in this country that are necessary for the prosecution of the war. But if you are to allow large packing companies and others who are supplying large quantities of materials to the Department of Munitions and Supply to go above the price ceiling on the ground of a shortage in any commodity, that is a complete negation of every argument that I have heard with respect to the necessity for the price ceiling. Artificial shortages can be created as a ground for increasing the price if these people are to be given that latitude, and it must be remembered that in the final analysis they are buying and selling to themselves. Increasing the price does not reduce the shortage, but it is likely to create an artificial shortage because they can make more out of it. I think that before the house rises the

minister should assure hon. members and the country that as far as the ceiling is concerned it applies equally to everyone.

I should like the minister to clarify one point with respect to the stabilization of prices. Yesterday the Minister of Agriculture, speaking on his estimates, stated that the government are now paying a subsidy to the producers of butter of eight and ten cents a pound, and that the price of butter is fixed at thirty-five cents west of Toronto and thirty-six cents east of Montreal. That butter goes to the wholesaler, I understand, for thirty-six cents, and the Minister of Agriculture stated that that was the ceiling on butter. If it is, that is the price at which butter should be retailing. According to the last *Labour Gazette*, which sets out the statistics upon which the cost of living is based, that butter was retailing in Sydney, Nova Scotia, for forty-three cents a pound. If the ceiling on butter is thirty-six cents and the government provides a subsidy in order to fix it there, why is there this difference of seven cents in the selling price to the consumer? Why is the ceiling fixed by the government not maintained? Everybody all along the line is subsidized to maintain ceilings on commodities. I have taken butter as only one example because the Minister of Agriculture elaborated on it to some extent, but in every commodity where there is a ceiling the same considerations apply, and if the government is to spend some of this $120,000,000 next year in order to subsidize butter and fix the price, so that the consumer will be able to get a bite to eat, based on cost of living bonuses, the ceiling should be maintained where it is fixed. That applies not only to butter but to pretty well every commodity which is subsidized. The consumer does not seem to be getting the benefit. Someone in between the wholesaler and the people who finally consume that butter appears to be reaping a complete harvest on the money that is being spent by way of subsidies to maintain these ceilings.

Mr. ILSLEY: Now, Mr. Chairman, let me correct two or three statements of my hon. friend.

In the first place, the ceiling of thirty-five and thirty-six cents is not the retail ceiling; it is the ceiling on the price which the creamery can charge the jobber or wholesaler or anyone else who buys from the creamery in solid blocks of fifty-six pounds and in carload lots. When we talk about a thirty-five or thirty-six cent ceiling, that is the ceiling. To that must be added the wholesale mark-up, the charges for cutting and wrapping, the retail mark-up, and transportation.

Mr. GILLIS: Is there any control on these points?

Mr. ILSLEY: The control there is the retail ceiling, and the retail ceiling is the highest price for which that individual retailer sold butter in the period between September 15 and October 11, 1941. There are individual retail ceilings. That is the principle of the price ceiling policy; it varies from place to place; it may vary between stores in the same city; it may be forty-three cents in one store and forty-two cents in another.

Mr. GILLIS: And fifty-three cents in another.

Mr. ILSLEY: The man who charged the fifty-three cents would not stay in business; he would not sell any butter.

Mr. CASTLEDEN: Unless the other fellows were out.

Mr. ILSLEY: That is right, if by some miracle some butter seller in Sydney were able to get fifty-three cents in the base period, but I do not believe there is one in Sydney or anywhere else in Canada.

Mr. GILLIS: I am not saying that there is, but it is not so long since there was.

Mr. ILSLEY: If there were, the law would permit him to go up to that retail ceiling, because that is the ceiling. I think I have made that clear about the butter.

Mr. COLDWELL: These ceiling prices apply only to persons who buy in blocks of fifty-six pounds and in carload lots?

Mr. ILSLEY: Yes.

Mr. COLDWELL: So that a small dealer in butter could not take advantage of this, could he? I mean he could not buy less than a carload and he would have to have the equipment to deal with it by the block.

Mr. ILSLEY: What happens there is that there are recognized differentials. He would probably pay half a cent more.

Mr. CASTLEDEN: Could the minister give a break-down of this $120,000,000?

Mr. ILSLEY: Yes. I should, however, like to talk a little longer to my fellow Nova Scotian, the hon. member for Cape Breton South.

Mr. GILLIS: You were giving the Minister of Agriculture information that time, not me.

Mr. ILSLEY: I do not think so. I think the Minister of Agriculture understands it pretty well.

Mr. GILLIS: He was stuck at the thirty-six cents.

Mr. ILSLEY: Yes, but he was stuck at the creamery too; he was not at the grocery store in Sydney.

My hon. friend made some rather sweeping statements about these munitions and supply people buying from themselves. That is his theory, but it really is not the situation. He talked about controllers. The controllers do not do any buying at all. That is not what a controller does. He does not buy. The persons who do the buying are those in the purchasing division. My hon. friend may think and may say that officers of the purchasing divisions are buying from themselves. I do not know who constitute the purchasing divisions, but I myself believe that the buyers of the Department of Munitions and Supply are extremely conscientious buyers. That is my conviction.

Mr. GILLIS: That is what I am afraid of.

Mr. ILSLEY: If my hon. friend is afraid of it, let me tell him what he had better do. He can get all the orders in council and he can there get the purchases and the prices. We have to put through a great many orders in council, a thousand or so a month. Not all have to do with buying; but purchases of over $15,000 have to be passed by the governor in council, and if anybody wants to challenge the prices being paid by the Department of Munitions and Supply, why does he not challenge them head-on and say, "That is too high; that is more than the stock is worth." But do not come at it in this way and accuse these men of breach of trust, because that is what it is, when my hon. friend says that men have got themselves appointed here to a public position, and act in this way in the discharge of their duties. They are servants of the government. My hon. friend said they were not, but they are servants of the crown and they have positions of trust. He should not accuse these men of violating their trust unless he has some facts to go on. He should not go on just what he thinks they would do or what he thinks somebody might do, because I do not believe they are doing it.

Mr. GILLIS: The minister has already made statements to this committee which prove that they are doing it.

Mr. ILSLEY: What?

Mr. GILLIS: Forcing the price ceiling. They are granted privileges which the ordinary citizen of this country is not granted. And second, if I come in here from Canada Packers or International Nickel or Barclays Bank and am on loan to the government of this country for a year or two years, I am going back to my former position. That is where my future means of livelihood is. And we are all human.

Mr. ILSLEY: We are not human in that sense.

Mr. GILLIS: I am expressing my opinion. It is still my opinion, and I think it is the opinion of a large percentage of the people of the country.

Some hon. MEMBERS: Oh, no.

Mr. GILLIS: Oh, yes. If a corporation outside this house is paying me $25,000 a year and I come here and take a position on this board, my first consideration is to protect that company I am working for. That is human. Neither the Minister of Finance nor the Minister of Munitions and Supply has any more control over such a man than I have, because he can walk off the job to-morrow and he is not losing anything. He is not obligated to the government or to the people of the country. As I see the whole set-up, I am not quarrelling with the minister or making accusations, but I am giving my opinion on the basis of what I know of human nature and of the responsibilities of those on the inside to those on the outside. I say that the latitude given munitions and supply is too sweeping. It is too much control in the hands of somebody who has something to sell, who is not responsible to the taxpayers of Canada by virtue of election and the necessity of reporting upon his stewardship. They report to the boards of directors of corporations. I am not making accusations.

Mr. ILSLEY: Yes, you are.

Mr. GILLIS: I am pointing out the implications of the machinery.

Mr. ILSLEY: The hon. gentleman has a very low view of human nature. I am really surprised. To begin with, people do not act in that way. Just the odd one does. The average person does not. When he accepts a position with the government of Canada he does not act in that way. I do not know whether they all have to take an oath, but they do in the wartime prices and trade board. Does the hon. member not give them credit for wanting to do something from good motives?

Mr. GILLIS: If they take a position with the government, but not otherwise.

Mr. ILSLEY: But they take a position with the government and are answerable to their deputy minister and their minister and the presumption is that they will do their duty. If my hon. friend wanted to ascribe

a low motive to these men, I would point out that what they do is open to the scrutiny of official after official in a long line, and finally it comes to the government. If a man were of that type and dared to try that sort of thing there, he would be spotted in a day or a week and it would be well known that he was not the kind of man to have in the employ of the government. I say to my hon. friend that instead of propounding his remarkably low views of human nature, and therefrom deducing that men are acting in certain ways, he should tell me what they have done that is wrong. Let him tell the Minister of Munitions and Supply what they did that is wrong and we will face it here. But do not base it on some idea of an essential badness and a disposition toward a breach of duty, a breach of trust, which I am satisfied does not exist in the case of the great majority of persons employed by the government. Most of these people are proud of the job they are doing. The important thing for them is not some crooked back-door favour that they can do their former employers. The important thing for some of them is the prestige they gain by doing a great war-time job. Surely my hon. friend has enough imagination; surely there is enough scope in his understanding of the motives that prompt people, to realize that. Surely he does not think that men come here and take jobs, making great sacrifices in many instances, in order to put their own sordid, mercenary financial motives above these other and higher considerations. As a matter of fact they do not. I am satisfied that they do not, and the rank and file of the people of the country, I think, will agree with me rather than with my hon. friend. The trouble with my hon. friend, and with some others in this house, is that they think, if men are earning more than a small income, there is something crooked about them. They think that is the case. That is not my experience. I have said repeatedly in this house that in the low-income groups, as in the high-income groups, there are good men and bad men, and I have not been able to draw any hard and fast rule such as my hon. friend implies. The idea that because a man has made a success of his life and has accumulated some money, or has obtained a position wherein he makes a substantial income, he is a crook, is entirely false. My hon. friend says: oh, yes; but they pierced the ceiling in some cases. I cannot get the facts very well on this, but there was a time when, in order to get cattle, a year or two ago, they had to pay a good deal to obtain them for the reason that cattle were not coming forward.

Mr. MacINNIS: They had to pay a lot to get cattle, but it does not follow that the people who provided the cattle got the prices.

Mr. ILSLEY: Cattle were $12 on the Toronto market, which was inappropriate to the ceiling, and there were sales to the department that were appropriate to that high price to the farmer.

Mr. MacINNIS: Let us place this matter in its proper perspective in relation to other questions. If that price was set and the farmers would not sell at that price, the farmers were on strike. What was said in this house when we were discussing the steel strike? One hon. member rose in his place and said, "I would have uniforms for these men and tell them to get into those uniforms or go to work." There was a great pounding of desks on that side of the house when that statement was made. It is all right, however, for Canada Packers to go on strike, or for Canada Packers to hold up the people of Canada until they got their prices. The department of munitions comes through and pays the price and nothing is said about it. When we were discussing the aluminum deal one after another said, "What could we do? These people have a monopoly of aluminum and if we did not pay their price we could not get aluminum." But when a worker takes the position that he is not getting enough to eat—not that he is not getting enough profit, which is an altogether different thing—after months and sometimes years of negotiations, after jumping over every hurdle which the government by order in council could think of, so that he is compelled as a last resort to go on strike, ministers do not stand up and make excuses for that man. We have to be fair about this. The minister may not believe that people are actuated by these sordid motives, but the leader of the opposition (Mr. Graydon)—and I do not find any opposition to him on that side of the house on this score—suggests that private initiative is the only way by which we can get things done; that there must be an incentive for people to make gains, or people will not work. My hon. friend was on the price spreads and mass buying commission that sat here in 1934 and 1935. Has he forgotten the report of that commission? Has he forgotten what they reported to the house? Yet he rises and says that we can leave this matter to business men and be assured that everything will be fair and aboveboard.

As a matter of fact no explanation has been given by the minister as to why the department of munitions should be allowed to

pay more than the ceiling price for any commodity. He said there was a scarcity—the scarcity will still be there after the price is raised, because there will not be time to make purchases above the price ceiling, and that price being passed on to the producer. If the present ceiling is not high enough, the proper thing is for the wartime prices and trade board to raise the ceiling and not to allow individuals or departments to go beyond it, because the increased prices do not go to the primary producer.

Mr. ILSLEY: The instances of paying more than the price ceiling have not been very numerous. There has been a return to the house from the wartime prices and trade board. They have a working arrangement which in effect provides that the price ceiling shall not be exceeded by munitions and supply at least until after there is consultation with the wartime prices and trade board and they have attempted to get supplies for the Department of Munitions and Supply at or below the ceiling. The Department of Munitions and Supply have done, I think I am safe in saying, far more purchasing below the ceiling than they have above the ceiling. But they do have a certain freedom which is not permitted in connection with civilian purchases.

Mr. MacINNIS: There is no law against anyone purchasing below the ceiling.

Mr. ILSLEY: No, but they have a certain freedom. They can pay more; if it is necessary to pay a price higher than the ceiling price to get supplies, they have freedom to do it. I never said you could safely leave everything to business men and trust them always to do the right thing. I never said that at all.

Mr. MacINNIS: That was the assumption.

Mr. ILSLEY: No; that was not the assumption at all.

Mr. MacINNIS: That is the general assumption.

Mr. ILSLEY: No; that is not the general assumption, nor was it my assertion. With the system of checks and balances, and the number of officials through whom they have to go, finally reaching the governor in council in respect of purchases of more than $16,000, there is ample protection. The prices that are paid are not the prices known to one man alone, or to one man's company, or to a limited number of people. They are known to a whole lot of people. And the prices, I am satisfied, are not wrong. I should like to hear some talk on prices, instead of talk about people.

[Mr. MacInnis.]

Mr. GILLIS: I do not wish the minister to put words in my mouth. He tried to create the impression that I was making individual accusations, and that it was my endeavour to prove that these men were crooks. That word was used by no one but himself. I merely said that I objected to any organization or any group of people in this country having any special privileges under the laws of the country. That is what I objected to. I still contend that if I am drawing $25,000 a year from a company, and I am sent here to Ottawa, and not being paid anything for my work here, my main interest is that company which is employing me. It is their interests I am concerned with.

I also know—and I think the minister knows it too—that the war we are engaged in to-day has a lot to do with the control now set up in Canada, and the future of that control. I know that in Canada and in the United States and in Great Britain there is just as great a struggle going on on the home front to change the order of society to something that will suit those who are responsible for what is going on in Europe to-day. And Canada is not isolated from that struggle. She is not isolated from those who stand for that so-called system of private enterprise and the right to exploit our fellowmen. And those who stand for private enterprise are very carefully watching to see where there is any control that will influence the future of this country in that direction.

I sat in on meetings of the reconstruction committee, and in the last few months I have heard presentations from almost every organization in the country, including chambers of commerce, the legislative mouthpieces of big business who are in on these controls to-day. I know what they represent and what their opinions are with respect to the future of Canada. I know what their opinions are with respect to democracy. I know the use to which these controls will be put. I know what their intentions are with respect to crown companies, and the investments of the people to-day in plants and factories.

It is all these things, and the knowledge of what Canada faces in the future, that make me fearful of any control in this country on the part of any group of individuals other than the elected representatives of the people of Canada. I am afraid that in the not far distant future perhaps the Minister of Finance and other ministers may not have the right to sit in and to legislate for the people of Canada. That is what I am afraid of, and that is why I wish to see this parliament supreme in any matter involving the laws

of this country. I am interested in seeing that no freedom to go beyond those laws, in any way, is extended to any group of individuals.

Mr. HANSELL: The minister has said that he would like to hear an attack made upon prices. Perhaps I shall make an attack, but it may be different from what he might expect. I shall not attack the piercing of any price ceiling, but I would say something about prices which, in some parts of the country are regarded as being a little bit too low. I refer to farm prices.

I shall not make a speech, but will simply ask the minister if it is possible for him to inform us why the Canadian farmer must accept less for his wheat and less for many other products he produces than is received by the farmer in the United States? I have not heard an explanation on the point, despite the fact that I asked for one on an earlier occasion, and the subject has been discussed with the Minister of Agriculture. Perhaps the answer may be complicated; I do not know. But I do know that that is a question which has not been satisfactorily answered, so far as the farmers are concerned.

I have read that when speaking in Chicago not long ago the Minister of Agriculture said that the greatest problem which faced the government of Canada was that of explaining to Canadian farmers why they must take a dollar a bushel, or whatever the price of wheat might be, while the United States farmer was privileged to receive a considerably higher price. Then I believe he went on to say the answer was that we were all taking part in a great, united effort to win the war, and that there must be equality of sacrifice.

That is not a satisfactory answer, so far as equality of sacrifice is concerned. Not only does the farmer of western Canada take a lower price for his product than is received by the farmer in the United States, but he must pay more for his farm machinery and those other necessary commodities he must buy to equip and run his farm. He has to pay much more than the farmer in the United States. This is the picture; the farmer in the United States pays less for his equipment and receives a bigger price for his product, while the farmer in Canada receives less for his product and has higher operating costs. Yet we are all fighting the same war, and the desire is to have equality of sacrifice.

I do not know whether the minister can give a satisfactory answer, but those are the questions being asked. And, believe me, when Canadian farmers make up their income tax returns they will certainly ask those questions. I am sure they are questions vital to the minister as well as to farmers, and I should like to know if he would give the committee an answer.

Mr. ILSLEY: The hon. member has certainly opened up a big question. The question as to the level of farm prices has been discussed time and again, and I had hoped that at this time we might avoid another discussion, because once it is opened it might continue for a long time.

Farm prices in Canada are not as high as prices in the United States. Wages, generally speaking, are not as high in Canada as they are in the United States. Living costs are not nearly as high in Canada as in the United States, either. The United States is in a higher level all along the line than we are in Canada. The hon. member has said that some of the operating costs faced by farmers are lower in the United States than they are in Canada. I do not know whether that is correct or not.

Mr. HANSELL: What about farm machinery?

Mr. ILSLEY: Probably farm machinery; I do not know about that. But I do not think that is true generally with respect to farm costs in the United States. I am certain also that farm costs have gone up faster and farther in the United States, by far, than they have in Canada since the beginning of the war. We have a different economy here. We cannot tie our economy to that of the United States. If we were to raise farm prices to United States levels, there would immediately have to be widespread wage increases all along the line—I do not mean the international line but all over the country—and if there were wage increases together with increases in the price of farm products, certainly those wage increases would lead to increases in the prices of all industrial products.

Mr. BLACKMORE: If the minister would permit a question, would it be necessary to raise wage rates if the increases in farm prices were paid by bonus or subsidy?

Mr. ILSLEY: There is a limit to subsidies. I could not reconcile myself to an unlimited laying out of subsidies. The subsidy policy is one which must be operated within limits; otherwise it would break down by the force of public opinion. Even in the United States apparently the senate will not pass a subsidy policy. To keep public opinion behind it a subsidy policy has to be kept within reasonable limits. If it starts soaring to great heights you are pouring out these vast amounts of money all over the country; the taxpayers are paying that money; it is going to farmers

and others. Theoretically it comes back in the form of income tax from the farmers, but actually it would not.

Mr. BLACKMORE: But the minister would agree that, provided increases were met through subsidies, it would not necessarily result in an increase in wages?

Mr. ILSLEY: I do not want to answer a question in theory or to make a theoretical answer.

Mr. BLACKMORE: But the minister is answering in theory. He is talking in theory right now; it is his theory.

Mr. ILSLEY: I am sorry if I am; I was trying to answer the question of the hon. member for Macleod.

Mr. WRIGHT: I should like to know how the minister justifies the removal of the ten per cent war exchange tax on vegetables coming into Canada, while not removing that tax from the machinery necessary for the production of those vegetables in this country.

Mr. ILSLEY: Our business is to keep prices stable, and with the exception of a minor adjustment at the beginning of the price-ceiling policy the prices of farm machinery have not risen above the ceiling prices. We have taken great pains to see that this should be so. The price ceiling came in on December 1, 1941; thereafter the highest prices that could be charged were the highest prices of farm machinery during the period from September 15 to October 11, 1941. Certain prices had been raised before that, but one or two of the companies—I cannot remember which companies they were—had announced increases in prices but had not put those increases into effect before October 11, 1941, so that an increase of up to five per cent was permitted those companies in order to bring them into line with the other companies. From that time to this, however, prices of farm machinery have been stabilized, despite what would have been great increases in cost if stabilization measures had not been taken all the way down the line. The prices of farm machinery have been kept at that level.

With regard to fruits and vegetables, I would not say the price level has got out of hand in the United States, but at least it has gone away up in that country, so that, as hon. members know, cabbages, asparagus and all these other imported fruits and vegetables have sold in Canada at very high prices. We thought the time had come when we should do almost anything to bring down the prices of these fruits and vegetables. There was a reason for taking action there which did not apply in the other case.

[Mr. Ilsley.]

Mr. WRIGHT: Certainly prices of farm machinery have gone up since the start of the war. The higher exchange in the United States, together with the ten per cent war exchange tax has meant a straight twenty per cent increase in prices of farm machinery since this war started, and I think the government should take into consideration the question of removing that ten per cent tax.

Mr. ILSLEY: We are not talking about increases since the outbreak of the war; we are talking about the freezing period. If I were to talk about increases since the outbreak of war I could give some amazing figures about the percentage increases in the prices of farm products, but the moment I did that I would be accused of taking increases over a period of low price levels. Farm prices have increased by forty-three per cent since 1939, or, excluding wheat, by fifty per cent, not counting butter fat subsidies. I could give a whole list of articles I have here, but prices of farm machinery have not gone up anything like those percentages since the beginning of the war. However, I do not think we would gain anything by going back to the beginning of the war. We go back to the freezing period between September 15 and October 11, 1941, and we have kept farm machinery prices to that level. We have gone to a great deal of trouble and expense to do that, and therefore there is not the same reason applying in that case as in the case of these fruits and vegetables that have gone sky-high as a result of not being under the ceiling in Canada. So far as I can see, they cannot be brought under the ceiling here, but in any event those higher prices have resulted from higher costs or lack of control or something in the United States.

Mr. CASTLEDEN: How about the cost of farm machinery repairs?

Mr. ILSLEY: They are under the ceiling.

Mr. CASTLEDEN: Does the minister's statement with regard to the cost of farm machinery apply also to repairs to that machinery?

Mr. ILSLEY: Yes; under the ceiling they have not been raised at all; there has been no adjustment upwards. What I said about the one or two companies in regard to farm machinery does not apply to repairs, which are subject to the ceiling.

Mr. GRAYDON: I do not wish to interfere with the hon. member for Wetaskiwin; if he is going to follow up this discussion I shall yield at once, but I wanted to ask one or two questions on a point already raised.

Mr. JAQUES: I have only one further question to ask. Does the minister consider that gold mining has any effect upon prices in Canada? By that I mean that the money distributed through the mining of gold is effective purchasing power, but nothing which the people consume is produced. I take it that the gold is exchanged to the United States for munitions; and since the value of our gold production is in the neighbourhood of $200,000,000 a year, I suppose that represents roughly the purchasing power that is distributed in Canada, in respect of which no consumable goods are produced. Therefore it increases the purchasing power without also increasing the supply of retail goods. I should like to ask the minister whether in his opinion gold mining is not inflation as far as prices go.

Mr. ILSLEY: I do not know; I would have to give some thought to that. I do not know that I should like to give an opinion on that point offhand; I would have to try to see the real meaning of the question. Is the hon. gentleman suggesting that the production of gold which is exchanged for goods is more inflationary than the production of some other product which is exchanged for goods? Why would that be?

Mr. JAQUES: In the production of gold something like $200,000,000 of purchasing power is distributed; but gold is a substance which nobody uses and which is exchanged, I understand, to the United States for munitions of war, which of course the people here do not consume. The money distributed because of the production of gold is effective purchasing power, but there is no addition to the amount of retail goods to correspond with the increased purchasing power.

Mr. ILSLEY: I see what the hon. gentleman means, but gold is no more exchanged for munitions than for fruits and vegetables or other consumer goods that are brought in from the United States. You cannot allocate gold to munitions any more than you can allocate it to farm machinery. I do not see that the production of gold can be put on a different footing from the production of any other commodity. We are not exchanging gold for United States munitions any more than we exchange other products, such as newsprint, that we export to the United States. I am unable to see why it is any more inflationary to produce gold than it is to produce newsprint or coarse grains.

Mr. GRAYDON: There has been a change made in the regulations affecting exchange relative to fresh fruits and vegetables coming into Canada. When was this change made? What is the extent of the exchange relaxation? Has the minister given consideration to the results of this change at this particular time? We are now entering a period when there is a great production in our own country of fresh fruits and vegetables, and I should like to know if the minister has given careful consideration to the results which may arise from this change and the freer entry of fruits and vegetables into Canada?

Mr. ILSLEY: Prices are so high in the United States that I do not think there will be any effect at all. The timing was not very good. The recommendation was made by the wartime prices and trade board, but I think it was six weeks before it finally went through, because a lot of things had to be straightened out. Final action was not taken until June 22. While that was not too late to do any good, it was getting along toward the period when it would have been too late. We took off the war exchange tax and the special excise duty. The special excise duty of 3 per cent applies only to importations from countries against which the general tariff applies. In practice this will mean Mexico. It has been 10 per cent against the United States and 13 per cent against Mexico.

Mr. STIRLING: Does it apply to any fruits besides grapefruit?

Mr. ILSLEY: There are thirteen fruits and vegetables covered.

Mr. STIRLING: Are they not nearly all vegetables?

Mr. ILSLEY: I think there are three or four fruits. I have not the list here.

Mr. NOSEWORTHY: Has the minister's department carried on any negotiations with the Department of Munitions and Supply in connection with the bonus on fuel wood. Apparently the policy is to pay the dollar subsidy direct to the dealer. During last week-end I was in a part of the country where wood is the only fuel used, and I had an opportunity of talking to a great many men who make it their business to cut wood. I was informed that the people who actually cut the wood will get no benefit from this subsidy, that it goes to the dealer. This means that the dealer is getting an extra dollar profit on wood which someone else cuts. A number of these men told me that they have been in the habit of cutting wood and delivering it direct to customers. One man told me that he had delivered as many as a thousand cords of wood in a year without having it go through any retailer. He has been unable to get any part

of this subsidy. Could not steps be taken to see that this subsidy is paid directly to the men who cut the wood? I do not think it will be possible to get an increase in the production of wood fuel unless some means can be adopted to shunt this dollar into the pockets of the men who actually do the cutting.

Mr. ILSLEY: That would come under another department. I do not know very much about it and I am not in position to explain it. I believe the Minister of Munitions and Supply has dealt with the matter on several occasions.

Mr. NOSEWORTHY: He made it quite clear that it went to the dealer.

Mr. ILSLEY: And he gave some very good reasons why that would bring about the results, if I remember correctly. I do not want to cross wires with him; it is up to him to explain that.

Mr. CASTLEDEN: I asked the minister for a break-down of this amount.

Mr. ILSLEY: I will give that at eight o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF LABOUR

Mr. MITCHELL: Mr. Chairman, when the estimates for the Department of Labour were before the committee I said that I would reply to a number of questions that had been asked by some hon. gentlemen.

I will deal first with the question asked by the hon. member for St. John-Albert, who asked me for a statement on the information division of the Department of Labour.

This branch was established in December, 1942. Previously, publicity work had been handled by various staffs—by a director of publicity and staff, under the director of national selective service; by a director of publicity for the Department of Labour proper, and by a director of publicity for the unemployment insurance commission. The new information division represented a consolidation of the work.

The duties of the information division consist of the preparation and issue of press releases, preparation of special articles on the work of the department, informational contacts, preparation and placing of paid advertising, and other duties as assigned.

[Mr. Noseworthy.]

The staff, and annual salaries, are now as follows:

1 director of information at	$3,500
1 writer-translator at	3,000
1 advertising specialist at	2,820
1 principal clerk at	1,920
1 grade four clerk at	1,680
1 grade three clerk at	1,380
2 grade two stenographers at	1,080
1 office boy at	420

These salaries are augmented by cost of living bonus up to but not including $3,000. At the moment an officer of the industrial relations branch at a salary of $3,120 is temporarily on loan with the information division.

Cost of operating the division since its establishment seven months ago amounts to $9,000, approximately, to June 15, 1943.

My hon. friend the leader of the opposition asked for information with respect to the records kept by the local employment selective service offices.

In the larger offices, a number of telephone operators are in constant attendance in the order room, where telephone orders are received from the employers and full details noted on an employer's order card.

This card is then sent to the priority section of the office, where by use of the industrial classification manual published by the Department of Labour early in this year the classification number of the industry is placed on the card. I think this manual is a tribute to that section of the Department of Labour. In it will be found a classification of practically all the industrial occupations in Canada. I think this is the first time such a thing has ever been attempted in this country.

Mr. REID: Will copies of the manual be available to hon. members?

Mr. MITCHELL: I will get the hon. member a copy.

Mr. GRAYDON: Is it a new publication?

Mr. MITCHELL: It is a recent publication which we have got out for the guidance of selective service officers.

Mr. GRAYDON: How long has it been out?

Mr. MITCHELL: It was issued early this year. I do not say that I had something to do with its drafting, but I had something to do with the initial steps taken to develop a manual of this description.

Mr. GRAYDON: Do not be too modest.

Mr. MITCHELL: I am just saying that I am not responsible for drafting the manual. It will be appreciated by anyone who has any knowledge of the various classifications of

industry how a manual of this sort can be of great assistance to people who may wish to consult it from time to time instead of relying on their memory.

Mr. GILLIS: Can we secure copies of it?

Mr. MITCHELL: I shall be glad to secure a copy for my hon. friend.

Mr. GILLIS: Thank you.

Mr. MITCHELL: From this number, reference is then made to the priority index, prepared by the inter-departmental committee on priorities, and the priority, whether (a) (b) (c) or (d), is marked on the employer's order card.

The card is then forwarded to that section of the office dealing with the particular industry, and there is placed in the live order file. The same procedure is followed in a more restricted form in the small offices.

When an applicant for work or a person directed to report to the office comes in, he is interviewed by a trained officer, and full particulars, such as his name, address, primary occupation, secondary occupation, age, height, weight, physical condition, disabilities, war service, education, specialized training, trade tests, farm experience and the nature of his previous employment experience, are all noted down on a card.

Some may ask why such particulars as height, weight and physical condition are required, but it will be readily understood that when men are wanted for heavy industries, for example, it is necessary to know something of the physical qualifications of those who are to be employed; that is why these particulars are noted on the questionnaire.

Mr. GRAYDON: I suppose the officers have to rely on the statement of the man himself as to his physical condition?

Mr. MITCHELL: I would think so.

Under present conditions, when the demand for labour is so heavy, the bulk of the applicants can be immediately directed to an employer who is seeking their services, and for this purpose the national selective service permit form is issued and a notation made on the employer's order card that such and such a person has been referred to him.

It may be that upon the arrival of the applicant at the employer's place of business, the latter is unwilling to employ him. We have not yet reached the stage when we wish to compel an employer to hire a person who is unacceptable. Therefore, we always have on our records a large number—as of June 10 amounting to almost 40,000 persons—who are what we describe as "unconfirmed referrals." I would point out that in Great Britain the average number of "unconfirmed referrals" is about 100,000, and I understand the figure is higher in the United States, which probably has not yet reached the stage in the war that we have reached.

We are unable to prove that the person referred has actually been employed until we receive back from the employer the duplicate copy of the NSS permit, or check by telephone. The latter procedure has obvious limitations.

The situation may exist in certain localities where there are more applicants of a particular skill than we have employers' orders for. In this case, the same "application for employment" card is filled out and is filed on a live applicant file. That is what we call the live file. These files are constantly being examined by the officer concerned with that particular group of industries, with their related classes of occupation; and when an employer's order is received, applicants of the desired qualifications are directed to the employer for interview in the order in which they made application. That is on the basis of seniority, which the hon. member for Vancouver East will understand probably as well as I do.

The persons are selected by means of the data which has already been collected and recorded on the "application for employment" card; and in all cases the applicant must necessarily be got in touch with a second time, in order that his national selective service permit may be made out. That is, he is given a permit to go to the employer. Then we have another check when he is there. A second form is then made out.

At this second interview, if there is any need for a further exhaustive examination into the previously recorded skills, the employment record or the personality of the individual, this is, of course, done at that time, and I make the point that very few jobs are changed on the basis of something which happens to be on a card.

In fact, no persons are being moved to new employment under the compulsory orders without a thorough examination having first been made into their previous experience and present capabilities. I think that will be readily understood. When you are moving men by compulsory order you must do everything that is humanly possible to see that they are suitable to the occupation to which they are being directed. We have had a number of complaints and have traced some of them

down, and we found that where it seemed on the surface that perhaps some ridiculous action had been taken, after we looked into the matter we found that it was not as described in the press in certain instances.

We maintain in each local office an employer's record form which contains such essentials as name, address, plant unit, employer's number, principal product, name of personnel manager, normal working forces, male and female, agreements with trade unions, special skills utilized, a record of visits to the plant by our own officers, and a record of all transactions with the local office. That follows; the man who is in an insurable trade or calling naturally has his insurance book picked up and placed with the new employer.

The employer's order, form UIC 733, gives such information as the employer's name, address, business division of the firm, the occupations of the persons required, description of their duties, the rates of pay, regular and overtime, how often paid and when, hours of work per day, per week, probable duration of the work, the requirements as to experience, skill, age, et cetera; the tools—I should probably point out that some tradesmen carry all their tools and some carry part of their tools; some tools are provided by the employer—special equipment, permits, licences, certificates of educational standing, et cetera, which are required, the board and living conditions, the transportation arrangements, the person to whom the applicant should apply; and it makes provision on the back for details of the transactions covered under this order.

The priority form gives the division of industry and the number of the industry within that division, all of which is taken from the industrial classification manual published for the use of the employment offices, and also shows on the same card the priority rating, whether (a), (b), (c) or (d), the date at which it was authorized and separate ratings for men and women.

For the applicant's records, we have the form UIC 701 which contains the details such as name, address, occupation, et cetera, which have already been enumerated; the NSS form 120, which is the separation notice given by the employer, the most recent copy of which is always maintained on the office files, and which contains, of course, written proof of the man's previous employment and his reason for separation.

The NSS form 122 is the permit to seek employment, two copies of which are handed to the applicant—one for his own use, and one, in postcard form, for the employer to return to the office as proof that he has employed the applicant—the third copy remaining on the office files.

Mr. GRAYDON: Is there any difficulty with that part of the machinery?

Mr. MITCHELL: I would not say so. When you are handling the vast number of human beings that we are handling, I would say it works out reasonably well. Some are bound to slip through the net; I think that is natural, but as you gain more experience with this operation that kind of thing will become less and less.

There are other special forms which may be used from time to time, and special reports covering various industries, but the ones already mentioned are the basic and essential ones on which our employment service is based.

As to statistics, the first form which might be mentioned is form UIC 753A, which is the daily work sheet used by the local office to compile the statistical data required for form UIC 751A.

Mr. GRAYDON: May I ask the minister why some are UIC and some national selective service?

Mr. MITCHELL: I do not know. I think it is just as the thing develops. Personally I see no reason why all should not be selective service. I might point this out to my hon. friend: I think I know what is in his mind. The unemployment insurance commission was functioning before we thought of selective service, and they retained the name UIC. on the forms which were in use prior to the development of selective service. Personally I see no reason why we should not call them all by the same name, "selective service," except that when you are handling forms people get accustomed to using a particular name for them, and notwithstanding that you might change it, in the office routine they still use the same name.

Mr. GRAYDON: That would seem to indicate that the offices were still being manned by the original unemployment insurance personnel.

Mr. MITCHELL: Absolutely. As a matter of fact the whole selective service system has been built on the unemployment insurance offices, just as it has been in Great Britain, the United States, Australia, New Zealand, and any other country where they had that form of organization for what they call job placement. The selective service has been superimposed upon it. In every country that has been done.

Form UIC 751A is a weekly report giving a great deal of information on the vacancies in stated industries, at the beginning of the week, notified during the period, cancelled during the period, et cetera.

Also prepared at the local office is form UIC 757, showing the number of unfilled vacancies by industry priority, divided into approximately 100 separate occupations.

This form also shows the unconfirmed referrals to employers, that is, those applicants sent to employers for whom we have not yet received a confirmation by the receipt of the employer's copy of the NSS. permit, and also the numbers of unreferred applicants in each of these 100 or so occupations.

Mr. HARRIS (Danforth): Just at that point, how does the employer find out what is the priority, whether he is (a), (b), (c) or (d)?

Mr. MITCHELL: He does not find out.

Mr. HARRIS (Danforth): Just at that point he does find out. My hon. friend's friend from Waterloo North gave an interview to the press stating that certain industries were in (b) priority. How did he come to know?

Mr. MITCHELL: I do not know. Who is "my hon. friend's friend"?

Mr. HARRIS (Danforth): The minister's friend from Waterloo North. He is in the chamber now, behind the curtains; perhaps he can explain how he gave an interview to the press some three or four weeks ago stating that a certain industry had a (b) priority.

Mr. MITCHELL: From these two reports which I have mentioned statistics are compiled for the whole of Canada at Ottawa showing the vacancies and referrals of males by priorities for all industries, in greater or lesser detail, as is required by the department. The same procedure is used for the preparation of reports for females.

All these forms have been amended and improved upon as a result of the greater amount of information required, and the more rigid control of employment which we have instituted.

For years, however, a record of the vacancies and of the placements as reported to us, both by the old provincial employment offices, and since July, 1941, by the offices operated under the jurisdiction of the unemployment insurance commission, has been published in the *Labour Gazette*.

I should like to lay on the table copies of the following forms:

1. Employer's record card, form UIC 731.
2. Employer's order—male, form UIC 733.
3. The priority form.
4. Industrial classification manual.
5. Employee's application for employment, form UIC 701.
6. Notice of separation from employment, form NSS 120.
7. Permit to seek or enter employment, form NSS 122.
8. Daily work sheet, form 753A.
9. Statistical report on employment operations by industry, form UIC 751A.
10. Report of applicants and vacancies by occupations—males, form UIC 757.

My hon. friend the leader of the opposition asked for a statement as to the resignations, since the resignation of the former director of selective service, of certain gentlemen employed by selective service.

Mr. GRAYDON: Some seventeen, I think. The minister is going to read the names?

Mr. MITCHELL: Yes; I will put it all on the record.

Mr. GRAYDON: Can we have the dates of the resignations?

Mr. MITCHELL: I have not them here, but if my hon. friend wants them I can get them for him. He did not ask for the dates, but there is no reason why I should not give them.

Beattie, Helen; publicity, resigned in order to transfer to wartime prices and trade board.

Campbell, L. S.; consultant, resigned to take a more remunerative position.

Colle, S.; consultant, resigned owing to discontinuance of arrangement to pay living expenses when away from Montreal, in addition to salary.

Daly, J. C.; selective service officer, resigned because he was not prepared to accept reclassification by civil service commission and consequent lower salary.

Mr. GRAYDON: Were these the reasons the department give for their resignations?

Mr. MITCHELL: Absolutely. I would say this to my hon. friend. I am not placing any blame; but a good many men were hired without consultation with anyone; when it was necessary to keep the record straight they were gone over by the civil service commission, and certain allowances were dropped and certain classifications established, and some of these gentlemen, naturally, did

not agree with their classification, and resigned. The Department of Labour as such had no jurisdiction in the matter. But that was done, and from my own point of view it had to be done; may I say that.

Garside, S. T.: consultant; resigned because of discontinuance of arrangement to pay living expenses when away from Toronto, in addition to salary.

Grabill, E. L.: chief enforcement officer, Montreal, classification out of line with other enforcement positions in the service as approved by treasury board and civil service commission. Resigned on account of reduction in salary.

Harvey, Robert: executive assistant. Returned to Allied War Supplies Limited, from which corporation he had been on loan.

Holland, L.: consultant—was in charge of staff personnel. Resigned, reason not stated.

Melancon, Claude: publicity director. Returned to Canadian National Railways, from the staff of which he had been on loan on the understanding that period of loan would be limited.

Perhaps I might state a personal experience I had when we organized the national war labour board. Sometimes it is necessary to borrow a man for six or nine months, and in one case Mr. E. R. Complin, of Canadian Industries Limited, came as an executive director of the national war labour board, Mr. G. W. Huggett, president and general manager, having very kindly loaned him to the department until we could get over the hump and get the thing on paper. It was more or less an administrative undertaking and we borrowed him for six months. After that he went back to Canadian Industries Limited.

McGillivray, L.: news and feature writer. Resigned in order to take a position with wartime prices and trade board.

McTaggart, K.: news and feature writer. Resigned to return to newspaper work.

Quinn, Valentine: selective service officer. It was not found possible to assign him to a position at a salary he felt he should receive, and in consequence his services were dispensed with.

There is nothing new about that; you get it in all business and governmental organizations.

Reinke, Carl: assistant to director. Resigned. No reason given.

Roberts, W. R.: consultant. Transferred to a position with the timber controller.

Smith, Goldwyn: consultant. Resigned due to personal dissatisfaction with status on the staff of national selective service, stating he was to return to his former position in the university of Iowa.

Taylor, Robert: news and feature writer. Resigned to return to the press gallery.

Wright, L. A.: assistant director. Resigned to return to Engineering Institute of Canada of which he is secretary.

I think my hon. friend will agree with me that these things happen in every business organization—resignations because salaries are not good enough, and that sort of thing. I am frank to admit that a good deal of publicity has been given the matter. In a well-known national newspaper in this province there appeared a leading article on the resignation of one of the officials of external affairs, who was loaned to us for a short period in the formative stages of the establishment of selective service. I refer to Mr. John Deutsch. This is the letter written to Mr. MacNamara by Mr. Norman A. Robertson in this connection:

Dear Mr. MacNamara:

With reference to our correspondence and conversations about the services of Mr. John Deutsch, I wish to confirm my understanding that Mr. Deutsch will return to the Department of External Affairs on Monday, January 18. I am sorry that I am not in a position to make his services available to your department for a longer period, but the pressure of work on the economic side of this department makes his return imperative. I need not add that he and his colleagues in the department on the economic and prisoners of war side of the work will always be ready to help where they can in dealing with aspects of these questions which are of concern to both our departments.

Yours sincerely,

N. A. Robertson.

I know Mr. Deutsch quite well. We borrowed him for two or three months from external affairs until we got over the preliminary work of laying down the administrative policy in connection with selective service, and after that period he went back to where he had come from.

Mr. GRAYDON: The minister has given the departmental explanation as to why a number of these men have left the staff. Is it not correct to say that, if not all, at least a large number of these men had actually been brought into the department under the supervision and jurisdiction of the former director of national selective service, and that when the blow-up came and Mr. Little resigned, then of course gradually these men one by one left the service. I think the minister ought to be clearer in his explanation, because that is the generally accepted explanation of the situation.

Mr. MITCHELL: That may be generally accepted. Probably some people would like to accept it, but I do not.

Mr. HANSON (York-Sunbury): May I ask the minister if the resignation of these seventeen men, after Mr. Little had resigned and he had had his differences with the minister, was a mere coincidence?

Mr. MITCHELL: In many respects, yes.

Mr. HANSON (York-Sunbury): Well, the public do not think so.

Mr. MITCHELL: I know the public do not, but some people tried to sell an idea.

Mr. HANSON (York-Sunbury): What were the reasons given by the men themselves? I would rather have their reasons than the minister's.

Mr. MITCHELL: I have stated the reasons given by the men themselves.

Mr. HANSON (York-Sunbury): Those were the departmental reasons, I understood.

Mr. MITCHELL: Those are extracted from the correspondence arising from the resignations.

Mr. HANSON (York-Sunbury): I should like to make my own interpretation.

Mr. MITCHELL: I think I know something about organizations and about the civil service as well as my hon. friend, and I suggest that there should be some measure of responsibility when you hire people, some consultation with those people who understand the conditions under which men are hired through the civil service. I am not being too critical about this—

Mr. GRAYDON: Was he not trying to cut the red tape?

Mr. MITCHELL: There was no red tape. If my hon. friend were sitting here he would have to do the same as I am doing. You cannot create a condition where you meet men, almost on the street, and hire them and give them salaries that throw your whole salary arrangement out of line in your particular service. There has to be some order in these things, and the first thing I set out to do was to put this in order.

Mr. GRAYDON: Of course, he was trying to do the job quickly.

Mr. MITCHELL: That is all very well, but we have seen lots of people try to do jobs quickly. May I say to my hon. friend that I would be in a very different position to-day if I had not stepped in and said, "You cannot do the job too quickly; you have to conform, at least in a measure, to government policy." I think I know what makes the democratic clock tick. I know something about responsibility to the public.

Mr. GRAYDON: He was perhaps speedier than the government's policy.

Mr. MITCHELL: It is all very well to say that, but the minister has some responsibility, and I should not like to see develop in this country what I have seen at close hand in other countries. As long as I am Minister of Labour the minister will be responsible and will answer to this parliament. If there is any statement of policy, this is where it will be made, right here while the house is in session. Make no mistake about that.

Mr. HANSON (York-Sunbury): I have only to observe that that was not the case with respect to the government's man-power policy in the early stages. Who laid down the policy for the Department of National Defence after the mobilization act was passed? Who was the government's spokesman before the Canadian club at Ottawa but the chief of general staff of this country when the minister did not have the guts to get up and do it himself.

Some hon. MEMBERS: Order.

Mr. HANSON (York-Sunbury): That is what happened.

An hon. MEMBER: He has more guts than you have.

Mr. HANSON (York-Sunbury): I would take somebody else's judgment besides yours.

Mr. GRAYDON: There is another question. The minister may have overlooked it. It is a question in connection with the change in the enforcement officer in the department. I am not sure, but I think his name is Wright. I asked that question, but the minister may have overlooked it.

Mr. MITCHELL: He resigned to return to his former position with the Engineering Institute of Canada.

Mr. GRAYDON: I think I asked a supplementary question, namely, whether or not someone had taken his place as enforcement officer.

Mr. MITCHELL: Yes, and a very efficient enforcement officer, at that I might say.

Mr. GRAYDON: He would not be an exception, of course?

Mr. MITCHELL: No; he is an extremely efficient officer.

DEPARTMENT OF FINANCE

Mr. ILSLEY: If we have finished with that, perhaps we can proceed with something else. The hon. member for Yorkton asked me to place on record a break-down of the $120,000,000. I shall now do so. May I say that the estimates which I am about to place on *Hansard* are little more than intelligent guesses, because it is very difficult indeed to forecast the amount of money which will be required for any particular subsidy.

Mr. CASTLEDEN: But they will fall in line pretty well with the $80,000,000 last year?

Mr. ILSLEY: I do not know about that. They will depart to some extent from last year. The estimates are as follows:

Estimates for the Fiscal Year Ending March 31, 1944

Domestic subsidies		
Basket manufacturers	$ 750,000	
Butterfat	3,000,000	
Butter stocks	350,000	
Canned goods	2,000,000	
Cereal products	5,000	
Cheese boxes	40,000	
Coal	1,300,000	
Coffee and tea inventories	400,000	
Frozen eggs	40,000	
Fertilizers—(transportation)	80,000	
Glove and garment leather	1,175,000	
Groceries	2,000,000	
Leather footwear	1,200,000	
Lumber	1,100,000	
Milk—production	1,100,000	
Milk—consumers	20,000,000	
Soap and shortening	1,850,000	
Peaches	15,000	
Pit props and mine ties	20,000	
Pit wood	375,000	
Potatoes	1,500,000	
Transportation—foodstuffs	200,000	
Miscellaneous	1,500,000	
		$ 40,000,000
Import subsidies		
Raw cotton and cotton fabrics	$24,000,000	
Petroleum products	24,000,000	
Wool	5,000,000	
Miscellaneous	11,000,000	
		$ 64,000,000
Trading losses		
Alcohol (industrial)	700,000	
Beeswax	20,000	
Bindertwine	240,000	
Bristles	240,000	
Butter—dairy	40,000	
Cheese box materials	60,000	
Chemicals (fertilizer)	2,400,000	
Cocoa beans	500,000	
Cotton yarn for bindertwine	5,600,000	
Dried fruit	1,200,000	
Wool yarns and fabrics	4,000,000	
		15,000,000
Trading losses will be realized on other commodities, notable examples being cotton yarns and fabrics and oils and fats, but these commodities will also be subject to domestic and/or import subsidies and our estimates under subsidies include anticipated trading losses.		
Expenses—administrative		1,000,000
Total estimates		$120,000,000

Mr. HANSON (York-Sunbury): With respect to the $24,000,000 on imports of raw cottons, is the minister in a position to tell the committee what was the total of extra cost of raw cotton imported into Canada, including the $24,000,000, which the government absorbed. In other words, how much did the industry itself absorb? The minister

[Mr. Mitchell.]

will recall that on one occasion he intimated that he was going to apply the squeeze to the textile industry. He will no doubt recall having said that. I wonder how much was squeezed out of the textile industry in addition to the $24,000,000 the government paid to keep its price level down.

Mr. ILSLEY: The $24,000,000 I spoke of is for the present year.

Mr. HANSON (York-Sunbury): How much is the industry supposed to take care of, itself, or has that been calculated, on the basis of production prices?

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): What was given last year in the shape of subsidies on the importation of raw cotton, and how much did the industry itself take care of?

Mr. ILSLEY: Import subsidies paid on raw cotton and cotton fabrics for the fiscal year ending March 31, 1943, have been $2,704,631.63.

Mr. HANSON (York-Sunbury): Has the minister that figure divided between raw cotton and cotton fabrics?

Mr. ILSLEY: It is practically all fabrics.

Mr. HANSON (York-Sunbury): No subsidy paid on imported raw cotton in the last fiscal year; do I understand that?

Mr. ILSLEY: Mr. Noble told me the other day there had not been any.

Mr. HANSON (York-Sunbury): Had not been any subsidy?

Mr. ILSLEY: Correct.

Mr. HANSON (York-Sunbury): The cost of raw cotton has greatly increased, has it not?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): That is to say, the industry itself in the last fiscal year had to absorb the whole increase?

Mr. ILSLEY: They did an immense amount of forward buying, at the instance of the Commodity Prices Stabilization Corporation.

Mr. HANSON (York-Sunbury): They showed good business judgment.

Mr. ILSLEY: I contend that the Commodity Prices Stabilization Corporation should have a large measure of the credit. They took a very strong lead in getting all the cotton companies to buy just as much cotton as they could, and by that action they saved this country at least $15,000,000.

Mr. HANSON (York-Sunbury): But the companies themselves are entitled to some credit. They put up the money and took all the risk.

Mr. ILSLEY: Yes, they did; and it might have turned out differently.

Mr. HANSON (York-Sunbury): They took all the risk.

Mr. ILSLEY: I will put it in this way, that it was one of the most fortunate moves the Commodity Prices Stabilization Corporation, or any other government agency, ever took. It saved the taxpayers of Canada an enormous sum of money.

With regard to the squeeze to which the hon. member referred, I would say that that was applied. The arrangements with the cotton industry are embodied in a number of very carefully drawn and somewhat complicated agreements. They embody the principle of profit control. It would be impossible to go into the matter at length, and do it intelligently, this evening.

Mr. HANSON (York-Sunbury): I do not ask that. The minister would have to have the documents themselves.

Mr. FAIR: Shortly before the committee rose for the dinner recess the hon. member for Macleod asked the Minister of Finance for an explanation of the system arrived at for the fixing of the payment of subsidies on farm commodities. I was amused but not a little surprised at the way in which the minister skated around the question. He did manage to touch one or two of the small items, but he kept away from the matter itself.

Then, as a main reason possibly for having prices fixed as they are, he said that if prices were raised we would have to have a general increase in wages. If there were an increase in farm wages I think there would not be any complaint, because to-day farm help is lower paid than the help in any other industry in Canada. Farm help also works longer hours, by at least fifty per cent, than any other class of workers in the country.

Then, coming to the period on which prices were based, we find that the period from September 15 to October 11 is the most disadvantageous and most unfortunate that could have been picked in respect of the fixing of farm prices. Whether they be farmers or not, all hon. members know that at that time of the year harvesting is being done. For that reason there is a heavy marketing of different commodities and prices are forced down to a considerable extent.

For the information of the committee I should like to mention the cost of some items of farm machinery in past years, as well as the prices obtained by the farmer for different grades of grain. I am going to mention only three farm implements, the two-furrow fourteen-inch gang plough, the twenty-run seed drill and the eight-foot binder, implements every farmer must use if he is going to harvest any grain. I am going to quote also the prices of No. 1 northern wheat, 2 C.W. oats and 3 C.W. barley, basis top grades at Fort William:

Year	Plough	Drill	Binder	Wheat	Oats	Barley
1914	$ 92 00	$145 00	$175 00	$1 32	$0 57½	$0 69·4
1920	164 50	249 00	279 00	1 99·3	54½	90·4
1926	160 00	258 00	292 00	1 46·3	58·7	72·6
1930	152 00	258 00	287 00	64·2	29·9	28·4
1933	138 00	245 00	272 00	68·1	33·4	38·8
1939	153 50	269 00	334 00	70	.....	.....
1940	160 50	281 50	349 50	70	.....	.....

I would direct particular attention to the price of wheat in 1930, the first year of the depression, and compare the implement prices with the figures for 1926, when wheat was worth $1.46·3. I would also direct attention to the fact that in 1939 and 1940, when we were receiving only seventy cents a bushel for our wheat, the cost of the binder went up, first to $334 and then to $349.50. Then I would ask the committee to take note of the price of the binder in 1914, which was $175, when wheat was selling at $1.32. It is easy to convert the price of that binder into the number of bushels which would be required to pay for it. Coming to 1940 we find the price of the binder 200 per cent what it was in 1914, while wheat was very little more than fifty per cent of the 1914 figure. I am giving these figures in order that the committee may have some realization of the injustice of the present price-fixing policy and of the attempt which has not been made by the prices board to establish fair and equitable prices on which to base subsidies for farm products.

There are several other matters I could mention, but I hardly think it is necessary, since time after time in this house we have produced evidence which could not be successfully contradicted, indicating that the farmers are not getting just prices as compared with other lines of industry. Take the supplying of credit, for instance. In 1914 I believe the interest rate was eight per cent. Later that was brought down to seven per cent, and it is still seven per cent. I wonder if the minister or the board have investigated the cost of supplying national credit, to see whether it bears any fair relation whatever to the products of agriculture at the present time. I am not going to take more of the time of the committee just now, but I believe the items I have cited will show discrimination and injustice in the fixing of prices of agricultural products.

[Mr. Fair.]

Mr. ILSLEY: Before six o'clock I was asked to place on record the fruits and vegetables from which the war exchange tax and the special excise duty were removed. I should say that the date of the order in council was not June 22, as I stated, but June 15. The items were thirteen in number, and included: potatoes, onions, beans, cabbage, carrots, celery, lettuce, green peas, spinach, tomatoes, pineapples, grapefruit and lemons.

Mr. HANSON (York-Sunbury): There is to be a subsidy of a million and a half dollars on potatoes. How does that arise? I have not the information, and I should like to know. I believe it is on domestic production.

Mr. ILSLEY: That is an estimate for the current year. The price ceiling was set for all potatoes, and some potatoes had to be imported at higher than the ceiling price.

Mr. HANSON (York-Sunbury): That is the new crop coming in from the south?

Mr. ILSLEY: Yes. A corresponding subsidy had to be paid on the domestic production of new potatoes, and $1,500,000 is the estimate of that domestic subsidy.

Mr. KNOWLES: I should like to make one further appeal to the minister along the lines of the appeal I made the other evening; I hope he will give it serious consideration and pass it on to the board. I speak again on the matter of certain fruits for infants. In the break-down the minister gave a while ago I noted that in the section dealing with foods, canned goods came fourth, and there is quite a subsidy set aside in this connection. Also on page 25 of the report of the wartime prices and trade board I noticed this paragraph:

> Peaches. A subsidy of $5 per ton was paid on fresh peaches processed in Ontario during the 1942 canning season, to enable processors, who purchased peaches from growers at the higher prices approved by the farm products control board of Ontario for the 1942 crop, to

sell the canned fruit under the ceiling. It is payable on all peaches whether grown by the processor himself or purchased by him from another grower.

I want to make it perfectly clear at the outset that I am not putting up any argument that adults should have any special concession in connection with fruit, particularly when these things are needed overseas both for the civilian population of Britain and other countries and for the armed forces. As I pointed out to the minister the other evening, however, in view of the fact that certain of these fruits were prepared and put into tins for the use of children only, I believe it would be possible, if the proper directions were given, to see to it that some of the fruits now being grown, processed and canned are reserved for children and infants.

Peaches are one of the fruits subsidized, and the minister has spoken about arrangements being made to provide sufficient tin with which to make cans for fruits and vegetables. Canned fruits have been mentioned to-night, and my request is that steps be taken to see that they are not canned just in adult sizes which will be grabbed up by the first purchaser, but rather put into the smaller tins and made available for children and infants. I am sure I speak for a great many parents of young children when I say that there is great concern at the present time over not being able to get the fruits which the nutrition experts say are so necessary for young children. I mention peaches because I find that fruit referred to in the report of the wartime prices and trade board, but I could refer also to apricots, pears and prunes, as well as the matter of corn syrup. If my suggestions are not the best, I hope the minister will be able to devise better ones, but I ask him to see to it that these things are made available to this group of our citizens.

Mr. ILSLEY: I shall take note of the hon. gentleman's suggestion and bring it to the attention of the wartime prices and trade board.

Mr. CASTLEDEN: Would the minister explain how the milk subsidy of $20,000,000 in the estimates is distributed? I understand that two cents per quart is paid to the distributors, and that there is another subsidy paid to the producers.

Mr. ILSLEY: There is a small amount here for a producers' subsidy. The administration of this subsidy was transferred to the Department of Agriculture, and this amount of $1,100,000 is only to cover what was paid by the board up to, I think, May 1 of this year. The estimated cost of the consumer subsidy is $20,000,000.

72537—287½

Mr. HANSON (York-Sunbury): That is all consumer?

Mr. ILSLEY: That is the consumer subsidy. That is paid to bring the price of milk down two cents a quart to all consumers in Canada. The hon. gentleman is inquiring about the machinery in connection with that?

Mr. CASTLEDEN: The distribution of the $1,100,000.

Mr. ILSLEY: That is under the Department of Agriculture; that is not paid by the wartime prices and trade board. For a short time at the beginning of the fiscal year it was paid by the board and then it was transferred to the Department of Agriculture. We administer the consumer subsidy.

Mr. HANSON (York-Sunbury): There is one aspect of the milk question to which I should like to direct attention. In the Sherbrooke district in the province of Quebec the surplus milk is sent to the Carnation company, who are evaporators. On two different occasions they have reduced the price to the farmers in that area. I took the matter up with an official of the wartime prices and trade board—for the moment I cannot think of his name—and I had hoped that the situation would be rectified. We were told that this would be under the authority of the Quebec dairy commission, but they have not taken any action although they had a meeting with respect to it and other kindred matters. These farmers are having to take cut after cut.

Mr. REID: It is the same in British Columbia.

Mr. HANSON (York-Sunbury): If we are to provide subsidies for the benefit of the consumers of milk, some provision should be made for those who produce milk and have surplus supplies. They should not be lost sight of in all this tangle of subsidies, subventions and that sort of thing. What happened in the days of the depression was nothing less than terrible. Surplus milk was dumped on the market and the dairies paid what they felt like paying. I do not know whether this is under the jurisdiction of the wartime prices and trade board.

Mr. ILSLEY: It is under agriculture now.

Mr. HANSON (York-Sunbury): I am sure the official in the wartime prices and trade board who is in charge of dairy products is familiar with the situation and knows what is going on. Apparently these people have no one to speak for them and they feel that they

are losing money. They feel also that if the farmer got a fair price for his milk there would not be any need for a subsidy. I am not arguing that at the moment because I realize that the minister's efforts are directed toward keeping down the price to the consumer. That is a good thing because milk is a staple diet which is absolutely necessary, especially for children. I want someone to look into the situation in Quebec to see if it cannot be rectified.

Mr. CASTLEDEN: The other item in which I was interested is the $24,000,000 to be paid on imported petroleum products. What are these products? What quantity of each is imported? How is the amount of subsidy determined, and to whom is it paid?

Mr. ILSLEY: It is nearly all crude oil; there is some aviation gasoline, but not much. It is really the assumption by the government of this country of the increase in the cost of transportation since the base period.

Mr. CASTLEDEN: On imported petroleum products?

Mr. ILSLEY: Yes. Considerable crude oil comes by tanker, and after December 7, 1941, there was a sharp increase in the war risk insurance rates and also in freight rates because it was at that time that the submarine sinkings in the western Atlantic became so serious and so many tankers were lost. We were faced with two alternatives: one, to let the price of gasoline go up considerably in this country contrary to price ceiling principles or, two, to assume the increase in these costs. We assumed them, and the manner in which we assumed them was by paying this import subsidy.

Mr. CASTLEDEN: Could the minister give us roughly what that amounts to per gallon?

Mr. ILSLEY: The high point was about 14 cents a gallon on gasoline. Those who were using gasoline produced from oil which came in by sea, such as residents of the maritime provinces, were at one time subsidized to the extent of 14 cents a gallon.

Mr. HANSON (York-Sunbury): What is it to-day? I do not care if the minister does not know.

Mr. WRIGHT: Have insurance rates on the western Atlantic been reduced appreciably from the high point?

Mr. ILSLEY: Oh, yes. The figure would be about half that now.

[Mr. R. B. Hanson.]

Mr. MAYHEW: I should like to refer to an order issued by the wartime prices and trade board, A-794, of June 29, which reads as follows:

1. For the purposes of this order, "Corporation" means Commodity Prices Stabilization Corporation Ltd.

2. Except as otherwise provided by section 3 hereof, every person in British Columbia who processes and preserves any strawberries, raspberries, loganberries, black currants or apricots in SO_2 or by heat sterilization or by freezing with or without sugar, shall sell all such products to the Corporation or to any person appointed by the said Corporation to act as its agent for the purposes of this order.

3. The provisions of section 2 of this order shall not apply to a person who processes and preserves any of the products mentioned therein;

It goes on to say:

4. The price to be paid by the corporation for any product sold to it pursuant to this order shall be the price for such product from time to time fixed by the administrator of processed fruits and vegetables with the approval of the chairman of the board.

My point is this: How can you expect people to go on processing strawberries, raspberries, loganberries, and black currants without knowing what they are to get for their products when they are canned?

The other point I would bring to the attention of the minister is that this order was issued as late as June 29 of this year. At that time it was very much too late for the British Columbia fruit growers. I think the reason for issuing this order and also the prices to be paid should be made known without delay in order that we may go ahead and process as much as we can.

Mr. ILSLEY: I do not think the price would be fixed by order in council; I believe it would be fixed but by agreement between the Commodity Prices Stabilization Corporation and the processors. I do not know what arrangements they have made about prices, but I presume that there is some arrangement being made.

Mr. MAYHEW: This order was issued on the 29th of June, and there have been no prices fixed to date.

Mr. ILSLEY: The administrator is now in British Columbia, I am informed.

Mr. MAYHEW: Has he authority of himself to name the price?

Mr. ILSLEY: No; it must be with the approval of the chairman of the board, but he would negotiate the matter and then, I suppose, telephone or telegraph to Ottawa and get the matter completed.

Mr. MAYHEW: It was not completed to-day. Would the minister look into it as soon as possible?

Mr. ILSLEY: Yes.

Mr. BLACKMORE: The object of the activities of the whole wartime prices and trade board set-up and the object of this proposed expenditure of $120,000,000 is, I take it, to prevent inflation in Canada. Will the minister agree that that is the object?

Mr. ILSLEY: That is part of our programme.

Mr. BLACKMORE: The object is to prevent inflation. There has been a good deal of misunderstanding of the meaning of the word "inflation" in the house, and there is still a good deal of misunderstanding about it in the country. We have heard members of the house use the word "inflation" with a variety of meanings. I believe it is very important to the progress of this country and the progress of the world that every member of this committee get clearly into his mind that inflation is a rise in price.

Mr. HANSON (York-Sunbury): Another lecture.

Mr. BLACKMORE: The hon. member for York-Sunbury needs ten lectures, and then he would not know.

Mr. HANSON (York-Sunbury): I feel flattered at the testimonial just given me by the member for Lethbridge, because I venture to say that ninety per cent of the members of this house are in the same position with me, so that I feel I am in good company.

Mr. BLACKMORE: It is all the more reason why we should stop and discuss this matter with some care at this very time, because until we understand what inflation is, it will be impossible for this country to accomplish any of the things we are aiming to accomplish in the peace, and it will be impossible for the world to accomplish the fine things which are envisaged in the Atlantic charter.

The meaning of inflation is fundamental to an understanding of economics. I would like to commend the minister and the wartime prices and trade board for the great amount of activity in which they have been engaged and for the great many discoveries which they have made. They are being more or less forced into making important discoveries. The minister is doing things this year which two and a half years ago he would have considered quite impossible. A few minutes ago he rather wanted to lecture me because I was going to talk theoretically, but in the last two and a half years the minister has learned a lot of theory he did not know before, and I promise him that if he will keep as alert in the next two years and a half as he has been in the last two and a half he will learn a whole lot more than he possibly imagines now.

Mr. ILSLEY: Not to-night, though!

Mr. BLACKMORE: No; I would not undertake to teach the minister to-night. What I am concerned about is that we understand that inflation is merely a rise in price and that inflation can be prevented by devices similar to those which are being used by the wartime prices and trade board at the present time.

I wish to refer for a moment or two to the question I raised just before the dinner recess as to why it would not be possible to raise the price of agricultural products by subsidies without making it necessary for the labouring man to receive higher wages. The minister expressed considerable anxiety, saying that it would put into circulation a great deal of purchasing power which would have an inflationary tendency.

Mr. ILSLEY: There is another reason, too, namely, the tremendous administrative difficulties involved in subsidy payments. At the moment we are having so much difficulty with some of the payments that we feel we may have to stop them just for administrative reasons.

Mr. BLACKMORE: The administrative difficulties are great, but the minister will be the first to acknowledge that Canada, with all the administrative difficulties which she has assumed, is in a far healthier condition than the United States where they have refrained from assuming the responsibility of going through such difficulties. It will be discovered by and by, when men know more about money and prices and kindred matters, that there are simple techniques which can be used which avoid many of the administrative difficulties.

But let me go back to the question which the minister raised. He said that if we put a good deal more money into circulation, it would have an inflationary tendency. But it will not matter how much inflationary tendency there is if prices are controlled.

Prices can be controlled in three different ways. One is by definite price fixing; another is by subsidies such as the wartime prices and trade board is using in many directions, and another is by rationing. These three

devices wisely and scientifically used will control inflation. There may be administrative difficulties; we are bound to have difficulties because we are trying to use an outmoded financial system that we should never be trying to use. We are trying to bolster up a ramshackle thing, and of course we are having all the difficulties that a person would have in trying to run a fifteen year old car in comparison with one who is trying to run a car which has just come out of the factory. That is why the difficulties are so numerous; we are trying to use an outmoded system, an ox-cart system which we should have discarded long ago. May I repeat that prices of agricultural products could be raised by subsidies and bonuses very much like those which are used to-day, and there would be no necessity for a rise in the price of agricultural products to the general consumer any more than there is for a rise in the price of milk, which rise the minister has taken great care to prevent. Society as a whole has absorbed the rise, so that the consumer does not have to pay. That is the first point that I wish to make.

May I repeat once more that inflation is simply a rise in prices. Now, if inflation is a rise in price, I wonder if it will be worth while to direct the committee's attention—I believe I will—to this fact. If inflation is only a rise in price, and if it can be prevented by subsidies of one sort or another, is there any reason why state-created debt-free money could not be used for the subsidies just as well as the money which is now being used? If there is any reason, it would be a good thing to have it immediately.

Mr. ILSLEY: No; I have given the reason several times.

Mr. BLACKMORE: I will challenge the minister to give it now. I will challenge him to give any reason why. I will raise this question for him. If he is going to pay a subsidy on milk, will it make any difference to the price of milk whether he uses money which he borrows from the Bank of Montreal or money which he borrows from the Bank of Canada?

Mr. ILSLEY: It makes a difference in the price of other products.

Mr. BLACKMORE: Would it make a difference in the price of milk?

Mr. ILSLEY: No—other products, though.

Mr. BLACKMORE: Why? Which would have the greater inflationary tendency, money which came out of the Bank of Montreal or money which came out of the Bank of Canada?

[Mr. Blackmore.]

Mr. ILSLEY: Would I shorten this or lengthen it by answering the question? I am afraid it would lengthen it. I think I will just listen.

Mr. BLACKMORE: Thank you. I think that is the safest thing for the minister to do. Now, if he used the money out of the Bank of Canada, he would be using money which would be created by the Bank of Canada without a debt; and if the Bank of Canada allowed him to have the money without a debt, he could still use it to subsidize the price of milk and he could keep the price of milk down just as well as he is doing now with the money which he is using now, let that money be money which he raises by taxation, or by borrowing from people, or which he gets out of the Bank of Canada, or which he gets from the Bank of Montreal. It will not make a particle of difference to the price of milk.

Once that is understood, we will go one step further. I have said before in this house several times until I have wearied the hon. member for York-Sunbury—bless his soul; men like him we need for ballast—I have said time and again, until many hon. members have grown weary of the thing, that money could be created. I have pointed out that in the last war Canada created $26,000,000 worth of bills. The treasury board did it; they printed the money; there was no debt attached to it at all. If the treasury board had still retained its function, its ability to print dollar bills, I would challenge the minister to show that the treasury board could not print dollar bills of the amount needed right now, turn it over to the wartime prices and trade board and let them use it as a subsidy to prevent a rise in the price of milk. I challenge him to show why he could not use such money to as good effect as the money which the wartime prices and trade board is now using.

The minute that it is discovered that he could do so, once this is granted—and it is one of the things the minister must learn—once it is realized that the value of a dollar does not depend upon the gold behind it, does not depend upon whether it comes out of the bank, or whether it is taxed from anybody or whether it is borrowed from anybody, but that the value of a dollar depends upon the amount of goods and services which are in the country behind the dollar, for which the dollar can be spent, and the skill with which the dollar is handled after it is created, we shall have taken a great step forward.

I want to lay down that principle. If one reads the press carefully and listens to men speaking in the house and outside it; if one reads the reports of speeches being made in various parts of the country, the conclusion cannot be avoided that people are seeking for a new way out of what seems to all an impossible situation. I say that the situation is utterly impossible unless we make this simple discovery, and acknowledge it, that we can keep prices of commodities in a country wherever we want to keep them, with money created by the sovereign power of the state, free of debt, without taxation and without borrowing and without gold backing, and that when we keep the price level where we want it we prevent inflation, absolutely.

I wish to ask the minister to do what he promised to do, although possibly he has forgotten it. The other night I asked him if he would give us a statement concerning the rationing system used in Great Britain.

Mr. ILSLEY: Yes, I will do that.

Mr. BLACKMORE: I wanted him to show why the rationing system used in Great Britain would not be just as successful in Canada. As we pointed out, rationing is extremely important because it is one of the devices for preventing inflation.

While the minister is dealing with the question of rationing, I wish he would tell us about point rationing as it is used in Great Britain, and what are the essentials of point rationing, and why it could not be used in Canada as successfully as it is used in Great Britain; also to what extent, if at all, it has been used in Canada.

If the minister forgets some of the things I am asking, I will remind him. First, I should like to have him tell us about the rationing system as it is used in Great Britain and explain why the same system would not work with equal success in Canada.

Mr. ILSLEY: We are on the wrong item for that. The hon. gentleman is quite right; he asked me for that the other night. I would ask him to let me answer his question of the other night but not ask me to go into the question of point rationing versus the type of rationing we have here, because I am not prepared to do so and it is a very difficult kind of statement to make. If the hon. gentleman had raised that the other night it would have been different, but we are on another matter—subsidies payable by the Commodity Prices Stabilization Corporation.

Mr. BLACKMORE: Could the minister tell us under what item he would be pleased to give the statement?

Mr. ILSLEY: I would not be pleased to give it on any.

Mr. BLACKMORE: Well, then, on what item he would consent to give it?

Mr. ILSLEY: I am meeting the hon. gentleman half-way by answering the question he asked the other night, which was under the proper item, namely, the administration of the wartime prices and trade board, which covers rationing. He asked whether there was any sufficient reason why wholesale and systematic rationing should be more difficult in Canada than it is in Great Britain.

The essential element in any rationing scheme is effective control of supplies, and in this respect the British rationing authorities, especially in the field of food rationing, are in many instances in a much more advantageous position than is the wartime prices and trade board in Canada.

As examples of some of the major differences between the two countries I would point to the following:

1. The larger number of producers of foodstuffs in Canada scattered over a much greater physical area.

2. A large proportion of the United Kingdom's food supplies are imported and the British Ministry of Food is thus enabled to obtain complete control over these supplies to the extent of owning them. In Canada, on the other hand, the board is forced to meet the situation where certain of the important foods to be rationed—for example, meat, butter—are domestically produced by a large number of small producers, with the result that control of supplies is necessarily less effective.

3. In part because of the smaller size of the country and the less diversified character of its agriculture, the British Ministry of Food has been able to exercise stringent measures of control over farmers which have not been considered practicable for introduction in Canada. This greater measure of control, supplementing the control exercised by government purchase of food imports, is carried to the extent that the Ministry of Food owns the live cattle which are slaughtered. I would point out, for example, that farmers in Britain must give twelve days' notice prior to slaughtering, and animals may be slaughtered only in government-controlled abattoirs, while the number of abattoirs allowed to be operated has been reduced by ninety-five per cent.

4. Because of the larger physical area of Canada it is impossible to have a standard price structure throughout the country for basic food commodities. The fact that the British Ministry of Food has been able to

establish such a standard set of prices for meat has allowed it to ration meat on a value basis, thus freeing it from much of the complication of the points plan which has had to be adopted for Canada.

5. Consumption habits are more uniform in Britain than in Canada, and coupon rationing whereby everyone is entitled to an equal quantity of the rationed article or articles is, therefore, more suitable in Britain than in Canada. It is necessary in Canada to take account of differences in consumption due to such things as occupation or geography and this is very difficult to achieve under rationing.

That is the answer to the question the hon. gentleman asked the other night. I am not prepared to go further at the moment.

Mr. BLACKMORE: I appreciate the care with which the minister has answered the question. There are devices in Canada whereby the government could gain just as effective control over commodities as obtains in Britain. It would require a departure which the government has not made, but it has taken some steps in this direction. For example, in the Department of Agriculture, as soon as beef falls to a certain point, it undertakes to buy beef. This begins to lay down the principle that the government under certain conditions will purchase all commodities. I believe the minister will find that in Great Britain, to a great extent, it is done by the government, and there are several regulations in Canada which approximate the regulations used in Great Britain. However, I do not know that it would be profitable to go further into the discussion except to point out that we can do more in the way of rationing if we need to in Canada as a means of helping to prevent inflation, and a great deal more in the matter of subsidizing than we have done. I was surprised to find that the minister had estimated only $120,000,000. I should not have been surprised if the figure had been $450,000,000 or $500,000,000, for the important purpose of keeping down the price of foodstuffs, keeping prices stable, keeping the wage rates stable and agricultural price rates stable.

We do not realize it yet—perhaps the minister does not realize it—but there is a tension developing in the minds of labour men to-day on account of the rigid control being exercised over their wages and the incessant plea that is being made not to have an increase in their wages because this would cause inflation. That tension is not building up any good for Canada. Heat is being generated, and the day may come when an explosion will take place, which everyone will regret. The farmers are being seriously injured on the plea that they must not have better prices because, if they do, it will pierce the ceiling and bring on inflation. In the light of realities, both of these contentions are utter nonsense, and the minister will know that in a year or two if he does not know it now. He did not know two years ago a good many things that he knows now. It is not necessary to keep the labouring man working under conditions which are causing stress and strain. It is not necessary to keep agricultural prices in this country at a level where farmers are unable to live happily and to produce abundantly. We think it is—at least the minister thinks it is—and therefore it is extremely important that the minister should understand the point I have been making, that we can go much further in subsidizing and bonusing without doing harm.

Mr. CRUICKSHANK: I am sorry to bring up the matter which I am going to discuss now; but I have been trying for the last three weeks, after having a notice of motion before the committee on agriculture, which was carried unanimously, to have it brought to the attention of the house. The chairman of the committee on agriculture has refused to present it. I do not know on what authority he refuses to do so, nor does anyone else; but apparently he does, and my only recourse, if I am to obtain the information which I desire, is to ask questions on these estimates. I regret having to do so because I have been accused of holding up estimates before now.

About two years ago three of us from the province of British Columbia tried to have loggers included in the unemployment insurance scheme and we were told that we were holding things up. If the committee on agriculture, in their wisdom, under instructions apparently, are afraid to have the wartime prices and trade board answer a few questions, then I want to ask a few. I have several questions to ask. I am not particularly worried if the committee on agriculture, under instructions, are afraid to have the members of the wartime prices and trade board come before them. I have, however, no alternative but to tie up the estimates by asking certain questions and insisting upon answers to them. The first question I have to ask is with reference to berries, such as strawberries, raspberries and small fruits. I want to know what the subsidy is, how it is arrived at and on whose recommendation it is made.

Mr. ILSLEY: It is paid by the Department of Agriculture. I have no information on it.

Mr. CRUICKSHANK: I am informed by the so-called agriculture committee, who are afraid of the wartime prices and trade board, apparently under instructions—

Mr. WEIR: On a point of order, is the hon. member in order in referring to matters that have been going on in a committee? At any rate, he is not giving a proper interpretation of the business before the agriculture committee.

The ACTING CHAIRMAN (Mr. Pottier): As a rule an hon. member may not discuss here matters that come before a standing committee of the house.

Mr. CRUICKSHANK: I bow to your ruling, Mr. Chairman, and in doing so I leave it to my hon. friend. I am not referring to anything that has gone on before that committee, because the matter was not permitted to be brought before the committee—under whose instructions, I do not know, but certainly under somebody's instructions.

Mr. WEIR: The matters before the agriculture committee were directed to the committee by an order of reference which passed this house.

Mr. CRUICKSHANK: I want to ask the hon. member who has interrupted me if he brought before the House of Commons a resolution passed unanimously by the committee on agriculture.

Some hon. MEMBERS: Order.

Mr. WEIR: I doubt if this matter is in order, Mr. Chairman, but I can say to the hon. member that the chairman of the committee on agriculture brought before this house the order of reference with which the committee on agriculture had to deal.

Mr. CRUICKSHANK: I am willing to bow to any ruling of the Chair, but I repeat —and I am entitled to repeat—that a resolution was adopted unanimously by the committee on agriculture, and that it was not brought before this house, in spite of what the hon. member says.

Mr. WEIR: I should like to say one further word. The hon. member has referred to a resolution which he says was passed unanimously. He does not also tell the committee that the same resolution was later rescinded, and another order of reference made. Had the officer of the wartime prices and trade board been brought before the committee on agriculture, I doubt very much if the hon. member would have had the right to continue his discussion in this committee. He has that privilege now, and I am sure he can get all the information he wants with respect to matters pertaining to the wartime prices and trade board.

Mr. CRUICKSHANK: Mr. Chairman—

The ACTING CHAIRMAN (Mr. Pottier): Order. I must ask the hon. member to put his question, and to stop referring to what happened in the committee on agriculture.

Mr. CRUICKSHANK: As I understand the rules of the house, I am now entitled to speak to the point of order raised by the hon. member, the chairman of the committee on agriculture. Am I not correct in that? I am willing to bow to the decision of the Chair, but am I not correct? What the hon. member says is correct, with this exception—and I am speaking to the point of order—namely, that the resolution was passed and passed unanimously.

The ACTING CHAIRMAN (Mr. Pottier): Order. I have asked the hon. member to refrain from discussing what took place before the committee on agriculture, and I must ask him to follow that ruling.

Mr. CRUICKSHANK: Very well, Mr. Chairman. May I ask a question through you, because if I am not to be permitted as a farm representative to have before the committee on agriculture a member of the wartime prices and trade board, I shall have to ask my question in this way. What is the subsidy, if any, and what is the ceiling price paid on soft fruits? Who set it, and who recommended it?

Mr. ILSLEY: The subsidy is determined by order in council based on the recommendation of the Minister of Agriculture. I have not the particulars before me with respect to the subsidies on soft fruits.

The hon. member's second question was with respect to the ceiling price on soft fruits. That comes within my jurisdiction, and I shall get the information for him.

Mr. CRUICKSHANK: I appreciate the minister's answer. My understanding is that whatever the subsidy is on soft fruits, it was set on the recommendation of the Minister of Agriculture. Is that correct?

Mr. ILSLEY: Yes; and there is no ceiling price.

Mr. CRUICKSHANK: And, as I understand it, that price will be tabled, whatever it is?

Mr. ILSLEY: There is no ceiling price on soft fruits.

Mr. CRUICKSHANK: Then, through you, Mr. Chairman, I would ask the minister how the wartime prices and trade board arrive at the subsidy, if any, to be paid on milk. There are many questions in this connection I should like to ask, and I shall try to keep them in order so that the minister may have a fair chance of answering them. My information is that a subsidy is paid on fluid milk in certain areas. I am further informed that a subsidy is paid on evaporated milk, or other manufactured dairy products. My first question is this: how is the subsidy arrived at? Is the cost of production taken into consideration in the production of milk? Is the quality of milk taken into consideration? I explained this to the Minister of Agriculture, but for some unknown reason I am not allowed to have a representative of the wartime prices and trade board before me in the committee on agriculture.

We will presume that a farmer has two 10-gallon cans of what is commonly known as 3·5 standard milk. One of those cans goes into fluid milk and reaches the fluid market. For the benefit of the wartime prices and trade board may I explain that that is the milk which goes for city consumption. The second 10-gallon can goes into the manufacture of evaporated milk or cheese. Is there any difference in arriving at the subsidy, in the quality of the milk or in the cost of production of the milk that goes into the cheese or other by-products?

Mr. ILSLEY: There is a producer subsidy paid on fluid milk consumed on the fluid milk market. That is now administered by the Department of Agriculture, and has been so administered since May 1, 1943. The subsidy was instituted in the first instance by the wartime prices and trade board. I do not have to go back to the winter of 1941-42, but I might say that the second subsidy scheme was put into effect on September 1, 1942. On markets specified by the wartime prices and trade board the primary producers were paid twenty-five cents per hundred pounds for fluid milk, in addition to the specified minimum price. The subsidy was paid by the distributors, who in turn were reimbursed by the Commodity Prices Stabilization Corporation. The total cost at May 31, 1943, was $4,032,613.07. The food administrator at that time, at the time the subsidy was worked out, was the Hon. Mr. Taggart, and the wartime prices and trade board fixed the amount I have mentioned for subsidy.

Mr. CRUICKSHANK: I thank the minister. My question is this: Given two 10-gallon cans of 3·5 milk, does the wartime prices and trade board consider there is any difference in the cost of production of one 10-gallon can delivered to the fluid market and the cost of production of the second 10-gallon can delivered to the evaporated milk or by-products market?

Mr. ILSLEY: I do not know what the attitude of the wartime prices and trade board would be, but my opinion would be that if a farmer produced two cans of milk it would be pretty hard to say that it cost any more to produce the first can than it did the second. That would be my offhand opinion.

Mr. CRUICKSHANK: That is just the point I am trying to get at. If we had not had the obstruction of the committee on agriculture in this committee, we could have finished it up some time ago. I agree with what the minister has said. That is the contention of the dairy farmers in British Columbia. They say that two cans of milk, one of which goes into evaporated milk and the other into the fluid milk market, cost exactly the same to produce. I was informed by agricultural representatives who appeared before the committee, however, in what they were allowed to say there, that the wartime prices and trade board had set this price, and that is what I am trying to arrive at. As I understand the minister, there is no difference in the cost of milk of equal grade produced for evaporated milk, cheese or butter, or for the fluid milk market.

Mr. ILSLEY: Produced by the same farmer at the same time.

Mr. CRUICKSHANK: Exactly.

Mr. MacNICOL: The milk might come from the same herd, I suppose?

Mr. CRUICKSHANK: You know, Mr. Chairman, I have had a great deal of experience travelling with the hon. member around the Athabaska district trying to get oil out of the sands there, but perhaps he will leave me alone with milk now. The question I am asking is whether, in setting the subsidies to be paid in connection with milk or dairy products, the cost of production and possibly some margin of profit are taken into consideration.

Mr. ILSLEY: The hon. gentleman means, were those factors taken into consideration last September when the scheme was instituted by the wartime prices and trade board? That is what he means, is it not; was the cost of production taken into account when Mr. Taggart made his recommendation to the board and the board took action?

Mr. CRUICKSHANK: Yes.

Mr. ILSLEY: I do not know whether it was or not, but I presume some regard was had to that among other factors. I do not think the cost of production was ever ascertained, nor do I think it would be possible to ascertain it. I do not know just where we are getting on this, but perhaps the hon. gentleman is overlooking the fact that fluid milk has always commanded and received a higher price than milk for processing. That has been true in every market for many years.

Mr. CRUICKSHANK: I am glad the minister has given us the interpretation of the wartime prices and trade board. My argument, if I may put it in that way, is that all milk of equal quality should receive the same subsidy. As I understand the minister's statement, he admits that the cost of production has nothing to do with it; that whether the farmers have to sacrifice their herds has nothing to do with it. Under the wartime prices and trade board a certain price will be paid if the market is able to absorb all the fluid milk; if there is anything left over it can be dumped down the sewer or the cows can be slaughtered, as I understand the minister's statement. I want to point out, as I pointed out in the agriculture committee today, that I did not want to bring this matter up on the floor of the house.

Mr. ILSLEY: There is no harm done.

Mr. CRUICKSHANK: The minister and I understand each other. However, I was refused the right to bring up the matter in the agriculture committee, which I thought was the proper place for it. I do not know on whose instructions I was refused that right, but I am sure the farmers of Canada and even the farmers of Ontario would like to know on whose instructions I was refused the right to bring up this matter in the agriculture committee. I am satisfied with the minister's explanation in regard to milk, because I think he has been fair about it as he and the board see it.

Mr. ILSLEY: I dissent from the various interpretations the hon. gentleman has placed on my remarks.

Mr. CRUICKSHANK: Very well, Mr. Chairman; I dissent from many of the remarks made by the minister in his interpretation of what is due the farmer. I stand to be corrected in this statement, but apparently the wartime prices and trade board does not take into consideration the cost of producing milk in arriving at the subsidy to be paid.

Mr. ILSLEY: No; I did not say that.

Mr. CRUICKSHANK: Then will the minister say whether or not that was done? This means a great deal in my district. Was the cost of production taken into consideration in arriving at the subsidy?

Mr. ILSLEY: As I said before, I presume those who went into the matter had some regard to the cost of production though I feel sure they did not ascertain it, because I do not believe it is possible of ascertainment. Certainly they must have had regard to increases in cost, because doubtless those were the basis of the subsidy.

Mr. CRUICKSHANK: The Minister of Agriculture gave it as his interpretation of the subsidies principle that they were an incentive to production. I submit that there is a difference between an incentive to production and the actual cost of production. The Minister of Finance is the only approach I have to the wartime prices and trade board, and he says that the cost of production has nothing at all to do with it, so that I shall pass on to another matter. I have to bring up these points here because the chairman of the agriculture committee will not permit me to bring them up there.

I come now to potatoes. Is there a subsidy paid on potatoes in British Columbia or any other province in Canada and, if so, on what basis?

Mr. ILSLEY: There is a subsidy on domestically produced new potatoes. The subsidy was announced as payable to persons buying new potatoes direct from the primary producer or his agent for resale. Wholesalers and retailers will be reimbursed to the extent that laid-down costs at their distribution points exceed the lawful maximum prices on sales at wholesale and retail respectively, as set in board order No. 236. The minimum quantity of potatoes subsidizable is seventy-five pounds. No subsidy will be paid on new potatoes purchased from primary producers at prices higher than $3.75 per hundred pounds when shipped before July 31, 1943; $3.50 when shipped between August 1 and August 15, and $3 when shipped between August 16 and August 31. No subsidy will be paid on new potatoes shipped on and after September 1, 1943.

Mr. CRUICKSHANK: I was not able to get down those dates. I was trying to take them down, but I am afraid the minister has adopted the habit of speaking a little too quickly. In the province of British Columbia we do not speak in terms of bushels or baskets; we speak in terms of hundred pounds or tons. The point I am trying to arrive at is the $3.75 per hundred pounds. In British Columbia, and

I think in most of western Canada, new potatoes cannot be produced on June 20 for $3.75 per hundred pounds. I want to know how they arrived at that. I am sorry to take the time, Mr. Chairman, but I was not allowed to do this in the agriculture committee.

Mr. ILSLEY: The subsidy to the dealer is the difference between his selling price and the cost, but a cost of greater than $3.75 will not be recognized.

An hon. MEMBER: Carried.

Mr. CRUICKSHANK: Never mind this "carried" stuff. I should like to introduce something that would affect the future incomes of the lawyers of Canada and then you would see an influx of them in here in a minute. They would not be in such a hurry to carry the item. I am sorry, and I apologize again to you, Mr. Chairman. If I had not been denied the right I was entitled to—

Mr. WEIR: On a point of order. My hon. friend is imputing motives; he is saying that he was denied the right to secure certain information in a certain committee. I do not wish to refer to it any further, but he did secure information in connection with the order of reference to the committee from this house. Most of the items he has been discussing this evening were discussed in the committee and he got a great deal of information. He may not have secured all he wanted, but he got a great deal from the officials administering the different marketing organizations in the Department of Agriculture. It is true they were not officials of the wartime prices and trade board, but they were charged with the responsibility of dealing with these matters in the Department of Agriculture. I do not think the hon. gentleman is entitled to imply in any way that he was denied the right of securing information in the committee.

Mr. CRUICKSHANK: Mr. Chairman—

Some hon. MEMBERS: Order.

Mr. CRUICKSHANK: I am entitled to speak to the point of order.

Some hon. MEMBERS: Sit down.

Mr. CRUICKSHANK: It is all very well for hon. members to say "sit down," but I was sent here by my people and I am not sitting down, with all due deference to you. I accept the explanation given by the chairman of the agriculture committee. I asked for certain information and he may think I got it, but I did not.

[Mr. Cruickshank.]

The ACTING CHAIRMAN (Mr. Pottier): I refer the hon. gentleman to citation 303, which reads:

> Until a committee reports, it is irregular to refer to its proceedings in debate in the house.

I am going to ask the hon. member to refrain from referring to what took place in the committee. I have asked him twice; this is the third time, and I hope it will be the last.

An hon. MEMBER: Not right.

Mr. CRUICKSHANK: I have to abide by it. Thank you, Mr. Chairman. I should like to ask the minister something which was not referred to in any committee. I have not asked this question in any committee because I never had an opportunity of doing so. What is the ceiling price in each district of milk, both fluid and for evaporating purposes, and who made the recommendation in each case?

Mr. ILSLEY: I am told that there would be at least one thousand places where milk prices have been set by local milk boards and concurred in by the wartime prices and trade board. I have not that information here and it would be very bulky. I do not think the hon. member should press for it. He can get it from us officially, but I do not think he should press for it in the house. It would take so long to give because it is so voluminous.

Mr. CRUICKSHANK: I want to be reasonable. Do I understand that the ceiling price on milk varies in over a thousand districts?

Mr. ILSLEY: It may not vary, but the officials tell me that there are at least a thousand districts. There is a price for each city, town and so forth all across the country.

Mr. CRUICKSHANK: I assume the minister is referring to the retail price of a quart bottle? What is the price according to provinces for manufactured dairy products, fluid milk and so on? There can only be so many provinces.

Mr. ILSLEY: There is no ceiling on the price of milk sold by farmers. If a farmer takes milk and sells it for cheese, for butter, for condensed milk or as fluid milk, there is no ceiling on it. There is a ceiling on what can be charged the consumer by the distributor of milk, and there is a ceiling on what the creamery can charge for butter, or what can be charged for cheese. There must also be a ceiling on condensed milk, but there is no ceiling on what the farmer can get. Of course, that would be regulated by the other ceilings.

Mr. CRUICKSHANK: Is there any ceiling on the price at which a wholesaler sells milk to a retailer?

Mr. ILSLEY: Yes.

Mr. CRUICKSHANK: What is that ceiling in British Columbia, and why?

An hon. MEMBER: Oh, oh.

Mr. CRUICKSHANK: That is a fair question. It concerns seventy-five to eighty per cent of the dairy farmers in British Columbia.

Mr. ILSLEY: Are there any wholesalers in British Columbia? The officials do not appear to know that offhand.

Mr. CRUICKSHANK: The officials should know. In the lower mainland of British Columbia, which as the minister knows is the principal milkshed, at least 75 to 80 per cent of the dairy producers belong to one association. We sell to our own wholesalers and in turn retail what we can on the fluid market. That is the point. We retail a certain percentage of our milk, but the remainder we wholesale to various retailers, and the rest we put in evaporated or cheese or butter or by-products. What I want to know is, are we compelled under an order of the board regarding the price at which we as wholesalers, or cooperatives can sell our surplus to these independent distributors?

Mr. ILSLEY: I think I shall have to give that information a little later.

Mr. CRUICKSHANK: I appreciate the fact that the minister cannot answer that offhand, but it is of vital importance, and I am not allowed to ask it in a certain other committee which I am not permitted to mention. Therefore, will I have the privilege, before this item is closed, of speaking to that again?

Mr. ILSLEY: I think I shall have that information in a very few minutes, and I will give it before the item closes.

The CHAIRMAN: Carried?

Mr. CRUICKSHANK: No, Mr. Chairman, just a minute. I have asked a reasonable question and also asked whether I would be allowed to speak to this again, and the minister said that he would bring me what information he could. I do not think the item should carry until such time as I have the privilege of speaking on it again after his answer is recorded.

Mr. ILSLEY: We will wait, then, and try to get it.

Mr. ESLING: At a convenient moment before the final disposal of these war appropriation estimates will the minister clarify the condition under which the importation of oranges is eligible for subsidy? If he has an application form he will know, first of all, they must be brought in in carload lots; second, that the importer must hold title at the point of production. Manifestly this is unjust to the small importer. A man may have been a responsible business man and may have carried on an importing business for ten years, but he may not be financially in a position to purchase in carload lots, which means that there is discrimination which puts him out of business, because those who deal with such an importer will naturally go to his competitor and will finish their purchases of products there. If he must purchase in carload lots; if these conditions must be followed, could it not be arranged to modify that so that the wholesale importer could secure a certificate from the jobber across the line to the effect that the oranges which he purchases were brought in from the point of production by the jobber? That seems to me the only way out of it. Manifestly it is unfair to the small man and simply turns the business into these channels of the larger and more influential and substantial importers.

Mr. ILSLEY: The hon. gentleman brought that up the other night. He is asking me to clarify the matter now, is he?

Mr. ESLING: To modify it.

Mr. ILSLEY: Oh, to modify the matter? I will take that up. We have not had much time to do anything since the hon. gentleman brought it up the other night, but I have looked into it. I have before me the name of the firm which apparently imported these oranges by truck. I will go into the matter as soon as we get through these estimates. Perhaps the hon. gentleman could communicate with me or with the board about it.

Mr. REID: May I ask whether the regulations with regard to the conversion of dwellings for homes come under the wartime prices and trade board?

Mr. ILSLEY: Yes.

Mr. REID: There are some regulations to that effect.

Mr. ILSLEY: That is right.

Mr. REID: What I have in mind is that complaints have been made that the regulation was set for homes of $7,000 and upwards, and when I was back at Easter serious complaints were made that in Vancouver and

Westminster it is only the exceptional homes which come in that class; there are few of that kind. The majority of homes in the province have an average value of from three to four thousand dollars. If the regulation had been changed to permit the conversion of homes of that class or value, more might have been done to provide accommodation. The suggestion was made that perhaps the $7,000 valuation was adopted by taking into account homes in the east which are built of stone or brick, and are probably more substantial and cost more. I wonder if the minister would look into it, because it has been contended that the housing situation in both Vancouver and New Westminster would be helped if the conversion value were reduced to, say $3,500 or $4,000, which would take in about eighty per cent of the homes in both cities.

Mr. ILSLEY: If the hon. gentleman is thinking about the same thing I am thinking about, he is thinking about big buildings. I am thinking about the housing conversion plan, which is a new plan for converting large houses into apartments. The object is to get as many family units as possible out of one building. It is expected that family units can be obtained at the cost of $1,000 to $1,500, provided enough apartments can be made out of one house. My impression would be that if a house were only worth, to start with $3,000 or $4,000, it would not be an appropriate building to come under the housing conversion plan.

Mr. REID: It will take only a moment to read the brief which was presented in the matter. It is very short:

Recently the government appointed a real property administrator, and under the order in council, he was empowered to take over any premises of any nature that might be utilized for war purposes, or for use of those employed in any war enterprise. A short while after this appointment a new regulation was passed which nullified for the duration of the war any local municipality or province acts of regulations, restricting housing occupancy. In so far as Vancouver was concerned this could possibly be implied to nullify the Shaughnessy restriction act, which provides that this area could only be used as a one-family dwelling district. Under this amendment it is now possible for all houses in this district to be used for rooming or boarding houses, or made into multiple dwellings, or made into two or more apartments. The effect of this regulation in regard to the Shaughnessy area, along with the proposal to limit the expense of conversion to $1,500, would virtually change that area into a somewhat slum condition, as the houses are so laid out, and of such a character, that with an expenditure of only $1,500 there would be such a contrast to the original structure and finish that they would become a second or third class accommodation. The intention of the government in restricting the housing conversion to dwellings of a market value of $7,000 or over, is utterly impractical as far as Vancouver is concerned, as the vast majority of these houses are either in Shaughnessy, South West Marine, or British Properties on the north shore. The houses most suitable for conversion are in the $3,000 to $6,000 class.

[Mr. Reid.]

Mr. ILSLEY: That may be so, but the brief my hon. friend has just read is a pretty good argument for not going into the small house. The writer says that it will cost more than $1,500 to get your units, and the government is interested in getting a cheap unit. We can get them for $1,000 under proper conditions. If you get the right kind of big old house, you can convert it into ten or a dozen apartments. That is a cheap way to get family units. You have to get the right type of house, of course, and make the right kind of bargain with the owner. An order in council was passed authorizing the conversion of, I think, fifty buildings in Vancouver. Mr. Nichols, the director of housing, who is doing the administrative part of the work, went to British Columbia and I thought he was making pretty satisfactory progress but on a limited scale. We cannot go in for it in a wholesale way. It would be expensive, and as the writer says, it might make slums out of good houses if you started in on cheap houses.

Mr. CRUICKSHANK: I understood the minister to offer to give me an answer, and I claim the right, Mr. Chairman, to have the answer before the item is carried.

Mr. ILSLEY: There is a special order about the Vancouver area. It is order 238 of the wartime prices and trade board. Section 4 reads:

4. The price to be paid to primary producers for milk delivered to a milk dealer's or producer-distributor's plant for sale by the dealer or producer-distributor in the Vancouver area in the form of milk, cream or ice cream shall be as follows, according to quantity and butter fat content:

(a) for each 100 pounds of milk of 3·5 per cent butter fat content, $2.45;

(b) for each 100 pounds of milk, the butter fat content of which is greater or less than 3·5 per cent, $2.45 plus or minus 5 cents for each one-tenth of one per cent of butter fat content greater or less, as the case may be, than 3·5 per cent;

(c) for milk in quantities of less than 100 pounds, a price proportionate according to quantity to the prices stated in clauses (a) and (b) above for the quantity of 100 pounds.

I said a while ago that there was no ceiling on the sale, but there seems to be a special order applicable to the Vancouver area, to ensure a price to producers comparable to that prevailing in similar markets elsewhere in Canada.

Mr. CRUICKSHANK: I appreciate the answer which the minister has given, and I think *Hansard* will bear me out in the argument I advanced. This is once, Mr. Chairman, that I wish I followed the practice of some of my friends from Ontario of reading a speech, but I never have and I never will read what I have to say so long as I am in the House of Commons. I will say my speech as I think it.

Approximately seventy-five per cent of the producers of milk in the province of British Columbia are in the Fraser valley. They sell twenty-five per cent of their milk on the fluid market, and anybody who knows the dairy industry knows that that is where the money is. They sell the rest, seventy-five per cent, in manufactured products.

My information is, and I think this is borne out by the minister's statement to-night, representing the wartime prices and trade board which comes under his department, that the price is set to the wholesalers on what we can sell the distributors. As I said, we produce seventy-five per cent of the milk and we sell, in round figures, twenty-five per cent of our milk on the fluid market and the other seventy-five per cent on what is known as the open market, which means the world market, in the form of cheese, butter and by-products. The other twenty-five per cent of the producers sell 100 per cent of their milk on the fluid market, where the money is, and yet as I understand the minister and the regulations, the wartime prices and trade board say to us who are the wholesalers that we must sell to the distributors at a certain price. For the sake of argument we will say that it is $2.50 per 100 pounds of 3·5 per cent milk. We are not allowed to charge more than that. We are not allowed to pay our own retail outlets more. We who represent seventy-five per cent of the dairy producers in British Columbia are not allowed to pay our producers more than that set price, and we as wholesalers pay that as distributors.

In our own particular case we own both companies. But the price is set by the wartime prices and trade board. We cannot pay our own distributors any more than that. I suggest to you, Mr. Chairman, that the reason why the price is fixed in that way is that there is a small minority of independent distributors who must depend upon us as wholesole distributors for the volume of fluid milk for sale, and for that reason and that reason only the price is kept at this minimum. I am using the figure of $2.50 per 100 pounds for the sake of argument. In our particular case we represent seventy-five per cent of the dairy producers. We own our own wholesale and our own retail outlets. I do not know whether I am making myself clear to the minister, but those are the regulations as I understand them, and as I understood the minister to confirm them to-night. The minister has all the details. My interpretation of the act is that we as wholesalers sell to the independent distributors at a given price and must sell at that price.

Mr. ILSLEY: The price to the primary producer, if he delivers the milk to a milk dealer's plant or a producer-distributor's plant, for sale by the dealer or the producer-distributor, in the Vancouver area, in the form of milk, cream or ice cream is set at the figures I have mentioned. That is all I can tell my hon. friend. I put the section on *Hansard* and I think it is clear enough.

Mr. CRUICKSHANK: I appreciate what the minister said in reference to the section, and all that, but I have no recourse but to do what I am now doing, because I am deprived of the right to do it in the committee on agriculture. I want to know who advised that this price was to be set as it is—that we as wholesalers, representing the producers, must sell to the independent distributors at a given price.

Mr. ILSLEY: The date of this order is February 16, 1943. It is dated just after Mr. Taggart left the office of foods administrator, and I am informed that he worked out the order. He was very familiar with conditions in British Columbia, I know, because he used to talk about conditions in the Fraser valley, and I believe he sent a man out there to work out this order. I do not know whom he consulted out there. Perhaps he consulted my hon. friend. Did he?

Mr. CRUICKSHANK: I wish he had. I think the minister knows that I do not want to delay matters. If I were one of those who want to do that, I could rise in my place and spend time as a farm representative telling the Minister of Finance many things. He is the greatest Minister of Finance we have ever had, a man we all look up to and admire. He knows I am not making a personal issue of this. I am speaking as the representative of a section of the people—and do not forget this, that I have never read a speech in this house. I speak without reading, and what I say goes back to the people of my district from myself and not from the maritimes. I think I am entitled to the information I am seeking. In our district we own our own wholesale outfit, which is the largest cooperative dairy organization in Canada and the

second largest on the north American continent. That is something that can be verified. We also control our own retail outlet. Now I want to be corrected if I am wrong, and that is the minister's job, because I am not allowed to find it out in the committee on agriculture. My information is that our own wholesale outfit, which we own, is not allowed to sell to our own retail outlet except at a certain figure set by the wartime prices and trade board. Is that right?

Mr. ILSLEY: I am afraid I cannot tell my hon. friend that.

Mr. CRUICKSHANK: Will the minister produce some member of the wartime prices and trade board before me who can answer that question? I want to repeat it. My information is that the price which the associated dairies association can pay to the Fraser valley milk producers' association is set by the wartime prices and trade board. That is my information. Before the item is carried I am entitled to the information in that regard, and so far as I am concerned, before this item is carried I shall know whether the wartime prices and trade board sets the price to the farmer organization owned by the farmers, the price at which they can sell to their own retail organization, about fifty-three per cent of which is owned by the farmers. Is that correct, or is that price which is to be paid by the distributors set by certain independent companies?

Mr. ILSLEY: How would it do for the hon. gentleman to get in touch with the foods administrator, to-morrow say, and get this information then?

Mr. CRUICKSHANK: Mr. Chairman, I have been trying for three weeks to do that.

Mr. ILSLEY: There is no difficulty about it.

Mr. CRUICKSHANK: I know there is no difficulty in getting in touch with them—and very fine gentlemen they are, too. I have met them. But the minister knows as well as I do that the only place where anything effective can be done for the farmers is in this chamber. I cannot get my point before the committee on agriculture. I have tried for three weeks, and they refuse to hear me. I ask the minister this straight question: Has a wholesale company or cooperative to conform, on their sale to their own distributors to a price set by the wartime prices and trade board? If so, why?

Mr. LECLERC: Mr. Chairman, I know something about the milk business, and I think I can answer the hon. member from British Columbia. There are regulations in his province, the same as in all provinces of Canada. I am not sure whether they have a milk commission in British Columbia, but I know we have in Quebec. These commissions were formed to protect the farmers against themselves. Formerly, when farmers retailed their milk they tried to cut each other's throats. Finally the provincial government appointed a commission to set the price. That price was set after interviewing the different farmer organizations in my province. They are not allowed to pay less than the commission price, and they are obliged to sell at the price stipulated.

I believe the farmers are fairly well satisfied at the present time. I am in direct touch with them every day when I am at home, and I know conditions are far better than they were before the war. Unfortunately for the farmers, prices of butter and cheese are not set according to the cost of production. That is too bad for the farmers, but it has always been that way—and especially so before the war. Now the government is giving a bonus of 8 cents on butter, and about the same thing in proportion for cheese. Only the other day a farmer came to me and said that while he had only a small herd he had received $75 from his creamery, that he had never got that much before and that he was well satisfied. Before the war farmers were obliged to take 18 to 20 cents a pound for butterfat. Now we are paying them 46 or 47 cents, and they are fairly happy about it. Perhaps that is not very high, but certainly it is much better than they got before. There was some difficulty last winter in connection with securing grain, and now they are having some trouble in getting hired help. But had it not been for those two things I think everything would be very satisfactory for the farmers. If my hon. friend wishes to have some other information, I should be glad to give it to him.

Mr. CRUICKSHANK: Mr. Chairman, I appreciate the lecture by the hon. member from Quebec, and I am very glad to know the Quebec farmers are satisfied. But I am perfectly entitled to say that the British Columbia farmers are not satisfied. If my hon. friend is satisfied with the treatment given the dairy farmers of Quebec, then it is all right for him to say so, and I have no quarrel with his opinion. But we in British Columbia are not satisfied. I should not have to tell why we are not. We never will pay the wages, or have the social security enjoyed by the province of Quebec.

I have asked a question. Might I point out in passing that the Minister of Agriculture himself—and there is no better authority on

agriculture on the north American continent —has admitted that it costs us more in British Columbia to produce than it does in the hon. member's native province of Quebec. Incidentally I might point out, for the benefit of a few, that so far we have done very well for the legal profession, and for the privy council, a few times. But let me ask this: Are we to be allowed to sell our own wholesale milk to our own distributing agency? The hon. member from the Okanagan valley knows about this condition, and other hon. members from British Columbia know the circumstances. Are we to be allowed to sell our own milk from our own wholesale agencies, owned and controlled 100 per cent by the farmers, to our own retail agencies, at a price which we set? Now, mark you, I am not asking to upset the ceiling price of 11 cents a quart or whatever it is. I am talking about our own distributing agencies—and there is a big difference in that. We are not upsetting the retail price to the consumer in Vancouver, Victoria, or wherever it may be, even by one cent. All we are asking in this instance is for the privilege of selling to our own distributing agency or any other distributor at the price we see fit to set. I am asking the minister if we are to be permitted to do that, and I repeat that we are not upsetting the retail price to the consumer one iota. Are we to have the privilege of selling our surplus milk either to our own distributor, which in this instance is known as the Associated Dairies, or to whoever wishes to buy our milk, at our price?

The CHAIRMAN: Shall the item carry?

Mr. CRUICKSHANK: No, no; I object to this carrying stuff. I have asked the minister a question, and I speak for the 4,300 farmers I represent.

Mr. ILSLEY: I have before me an order. I do not know the names or the set-up of the organization in the Fraser valley. As I read this order, it would seem to me that the wholesale organization comes within the definition of a primary producer, and the price which that wholesale organization can charge for milk is fixed by this order. I should say, after reading this order, that if it is a sale to a dealer or a producer-distributor, it is governed by the provisions of the order. That is, if it is a sale. The hon. member is talking as if it is merely a family arrangement of some kind, and not a sale at all. He may be raising some fine legal point. He is asking me to say what this order does, or what it can do. He is asking what can be done legally. There is no doubt under this order that if it is a sale by a wholesale organization such as he has named—and I do not know whether the one he has named is an incorporated body or not—but if it is a sale from that wholesaler to a milk dealer or producer-distributor, it is governed by the provisions of this order.

He can find out in ten minutes by asking an official of the wartime prices and trade board. I am informed there are several officials who have been out there and who understand this situation thoroughly. He can find that out by calling them by telephone to-morrow morning. All I can do is cite the order to him. Does he not know about this himself? Has this matter not been discussed since last February? Are the facts not well known? Does he not know that the price that the wholesale organization can charge is fixed? What is the object of this? Is the hon. gentleman asking me for a legal interpretation of the order, or is he asking me to tell him something he already knows, for the purpose of the record?

Mr. CRUICKSHANK: I do not have to worry about the record at all.

Mr. ILSLEY: Then why does the hon. gentleman not go to the board to-morrow morning and get his information, instead of taking up all this time?

Mr. CRUICKSHANK: I am not going to be lectured by the minister or anybody else; I came here to represent the farmers of my riding. I first asked for this information in the agriculture committee. I know exactly what the minister has told me, but there is something else I am trying to bring home to him. I will tell him why I am asking these questions. The representatives of the wartime prices and trade board went out to British Columbia. Did they get in touch with the organization that represents at least seventy-five per cent of the dairy farmers of that province? No; they went to the other twenty-five per cent. I am here to do my duty as I see it, and if I do not do it I am quite prepared, if and when the time comes, to resign or to accept the decision of the voters of the constituency of Fraser Valley.

The minister has not yet answered my question. He has admitted that his department is afraid of the majority and is ko-towing to the minority in British Columbia. That was exactly what I said. Our own farmers sell to a wholesale organization known as the Fraser Valley Milk Producers' Association, who in turn sell to an organization known as Associated Dairies. I will admit that the minister has no reason to know all these details, but I want to tell the minister that the officials of the board are afraid to appear

before any committee, because as soon as they arrive in British Columbia they go to the minority group, get their instructions and report back to the wartime prices and trade board. His officials are afraid to appear before the committee and answer questions in that regard.

As the regulation stands to-day we have to pay a certain price; that has been admitted by the minister. It does not make a particle of difference to me if the minister shrugs his shoulders; I can shrug mine, too. I represent 4,300 dairymen. Our organization has to sell milk through a wholesale outfit to our own distributors at a given price. Why? To protect this little minority of distributors who have been the godsend of the legal profession of British Columbia for the last fifteen years.

An hon. MEMBER: Carried.

Mr. CRUICKSHANK: Never mind the "carried" stuff. I should like to know if some of those hon. members who call "carried" are satisfied with prices of dairy products in Ontario. Certainly we in British Columbia are not satisfied, and we are not afraid to say so. Will the minister tell me why we cannot set our own price to our own distributors, provided—and I want this to be quite clear—that we keep within the ceiling price to the consumer? I understand the purpose of these regulations is to protect the consumer, and I admire the excellent work the minister has done in that regard. All we are asking is that we be allowed to set our own price to the distributors, always keeping within the retail price ceiling to the consumer. Are we or are we not to be allowed that privilege?

Mr. ILSLEY: Did the hon. member ask why they should not be allowed to do something? What was his question?

Mr. CRUICKSHANK: My question is: will we be permitted, as wholesalers, to sell to our own distributors at any price we see fit, or to any other distributors, provided the ceiling price to the consumer is not disrupted?

Mr. ILSLEY: I do not think you can, under this order.

Mr. CRUICKSHANK: Well, Mr. Chairman, I imagine I am not making myself very clear. I know we cannot do it under the present order. I am not afraid of being quoted as saying that in this instance I represent seventy-five per cent of the dairymen of Fraser valley.

Mr. ABBOTT: Who represents the other twenty-five per cent?

[Mr. Cruickshank.]

Mr. CRUICKSHANK: I see I shall have to talk until eleven o'clock to get this across, but I am asked who represents the other twenty-five per cent.

Mr. BERTRAND (Laurier): Nobody questions that.

Mr. CRUICKSHANK: No? A few years ago we were told that we could not produce enough fish. We put away 1,800 Japanese fishermen and to-day we are producing more fish in British Columbia than we ever produced.

An hon. MEMBER: Milk is the item.

Mr. CRUICKSHANK: The Minister of Fisheries asked for that. I am pointing out that I represent seventy-five per cent of the dairymen of the Fraser valley, and I think I am putting up a reasonable argument; I believe the hon. member for New Westminster will bear me out. I have not been able to get an answer as yet. Through you, Mr. Chairman, I want to repeat that I was not allowed to bring up this matter in the agriculture committee, where it should be brought up, because they were afraid to face it.

Mr. ABBOTT: Order, Mr. Chairman.

Mr. CRUICKSHANK: Never mind the order; you cannot take it. Representing this percentage of the dairymen, all I am asking is that as wholesalers of milk we be given the right to state to the distributors what the price shall be, as long as it does not disrupt the price ceiling. A moment ago the minister said he could not answer that suggestion. Well, Mr. Chairman, if I cannot approach the matter through the Minister of Finance, who is head of the wartime prices and trade board, through whom in the name of time can I approach it? I cannot approach it through the Minister of Agriculture; he says he has nothing to do with the setting of that price, which I admit. Let me repeat that we do not want to disrupt the ceiling price to the consumer by one iota. We want the privilege of saying what the price from the producer to the distributor shall be. I say to the minister, through you, Mr. Chairman—the hon. member for New Westminster was called to order for not addressing the Chair—that approximately seventy-five per cent of the dairymen of the province cannot produce milk at the present price to the consumer. They want to increase the price to the distributor by five or seven cents per pound butterfat, but by order of the board they are refused that right. I want to repeat under the ruling of the board we are refused the right as wholesalers to increase our price

to the distributors and keep within the ceiling price to the consumer. Are the rights of democracy, are the rights of the majority to be considered, or are the rights of the minority to be considered? As soon as the board's dairy representative arrived in British Columbia he approached the twenty-five per cent, not the seventy-five per cent. He is afraid to appear before the agriculture committee. I ask the minister again, and I want an answer; if I have to talk for four days I can do so. Can the wholesaler of milk set the price to his own distributor or any distributor, provided the retail price does not exceed the price as set by the wartime prices and trade board?

Mr. ILSLEY: Why do they wish to lower the price to the distributors?

Mr. CRUICKSHANK: Lower it?

Mr. ILSLEY: Yes.

The CHAIRMAN: I know the hon. member for Fraser Valley does not want to prolong the debate unduly. He has always been most fair. I think he realizes that the Minister of Finance and his officials are not backward in answering any questions. I think he realizes that the minister has tried to answer in the best way possible, and I ask the hon. member to take that answer.

Mr. CRUICKSHANK: I appreciate your generous decision, Mr. Chairman, but the minister has asked me a direct question. I am flattered, because this is the first time I have been asked a question by so eminent a person.

Mr. ILSLEY: Does the hon. gentleman wish to lower or raise it?

Mr. CRUICKSHANK: Now who is prolonging the debate? The minister has asked me a direct question. With all due deference to you, Mr. Chairman, I think the next time I shall write out my speech because I am about the only member who does not read what he has to say. We do not want to lower the price; we most decidedly want to raise it. I am asking why we as producers as represented by our own association—I mentioned the approximate figure of seventy-five per cent—and the present attorney general of British Columbia and the former attorney general of British Columbia, who now has the distinguished honour of having a seat in the place known as the other place—

An hon. MEMBER: Out of order.

Mr. CRUICKSHANK: It is not out of order. They have taken it to the privy council. We are saying that as the Fraser Valley Milk Producers' Association we have the right to set the price at which milk is sold to the distributors, provided the cost to the ultimate consumer does not exceed the ceiling price. I am asking the minister if that is possible. I appreciate the fact that he cannot answer offhand.

Mr. ILSLEY: Why does the hon. gentleman want to raise the price even to his own organization? That is what he has been talking about all evening.

Mr. CRUICKSHANK: The reason why I want to raise the price is that we sell seventy-five per cent of our milk to distributors.

Mr. ILSLEY: To your own distributors.

Mr. CRUICKSHANK: To our own distributors and others.

Mr. ILSLEY: To your own people. Why do you wish to raise it?

Mr. CRUICKSHANK: The remainder of our milk, the seventy-five per cent, goes into canned milk or manufactured milk—I am speaking in round figures—and twenty-five per cent goes into fluid milk. But 100 per cent of the milk produced by the other twenty-five per cent, the independent producers, goes into the fluid market. They cannot handle their consumers, so that they have to buy from our wholesalers, and we cannot charge them the price which our own distributing agents are prepared to pay. This official of the wartime prices and trade board arrived in Vancouver, and he went down to this agency and asked what they could afford to pay.

Mr. ILSLEY: The hon. gentleman is not interested in the price he is charging his own organization; all he is interested in is the price to be charged the independents. He wants to raise the price to the independents. Is that the idea?

Mr. CRUICKSHANK: No, I do not.

An hon. MEMBER: Eleven o'clock.

Mr. CRUICKSHANK: I happen to have the floor. Since I have not been able to make my point clear, I ask you, Mr. Chairman, to call it eleven o'clock.

The CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: Carried.

The CHAIRMAN: Shall I report progress?

Mr. CRUICKSHANK: Is the item carried? I did not agree with that at all.

An hon. MEMBER: No; it was not carried.

Progress reported.

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

Friday, July 9, 1943

The house met at eleven o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 128, for the relief of Theodore Panos. —Mr. Macdonald (Brantford City).

Bill No. 130, for the relief of Pierre Henri Honoré Paré.—Mr. Casselman (Grenville-Dundas).

FLOOD CONDITIONS

INQUIRY AS TO RELIEF OF SUFFERERS IN EASTERN TOWNSHIPS

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, may I ask the government what, if anything, has been done for the relief of all the good Canadians who have suffered so heavily from the recent flood in the eastern townships, particularly in Coaticook?

Mr. SPEAKER: That is a question that must be placed on the order paper.

LABOUR CONDITIONS

SITUATION AT MARCONI PLANT, MONTREAL

On the orders of the day:

Mrs. DORISE W. NIELSEN (North Battleford): Mr. Speaker, I should like to ask the Minister of Labour a question. I think he is aware of the fact that the employees of the Marconi company in the city of Montreal are taking a vote on July 14, 15 and 16 to choose between a union of their own choice and a company union. Since the company is not allowing the vote to be taken on the premises and is refusing to cooperate with the government in this matter, and since the Minister of Munitions and Supply said a while ago that every contract awarded by his department contained a clause requiring the labour regulations to be complied with, will the government insist on the regulations being complied with and take over the plant if they are not?

Mr. SPEAKER: That is a question as to policy which I think should be placed on the order paper.

[*Later:*]

Mrs. NIELSEN: May I ask another question of the Minister of Labour? Since he was not allowed to answer my first question, will he at the earliest opportunity make a statement regarding the situation existing at the Marconi plant?

Mr. MITCHELL: I do not like the reference of my hon. friend, "since he is not allowed to make a statement." I should like to say to my hon. friend, having had some experience in industrial disputes, that I think this is not the place to settle them. Yesterday I received a telegram of commendation from a representative of the employees for the action I was taking. This information which my hon. friend has is all new to me. In the settlement of these disputes I have always been ready to cooperate with any hon. member; all she had to do was to call at my office with this information and I would see that the necessary steps were taken to correct it, if it is as stated by my hon. friend.

VACATION RIGHTS OF EMPLOYEES IN CERTAIN GOVERNMENT PLANTS

On the orders of the day:

Mr. J. W. NOSEWORTHY (York South): I wish to address a question to the Minister of Labour. I did not send notice of the question, but I think it is one which he can answer without notice. Are employees in government-owned plants which are being operated by outside management entitled to holidays with pay on the same basis as government-owned plants operated by the government?

Mr. SPEAKER: Order. The minister has replied to a question which was asked him and which I thought should be placed on the order paper. The question which is being asked cannot be answered to-day, and it should be placed on the order paper.

SERGEANT GEORGE HICKSON

AWARDS FOR GALLANTRY AT DIEPPE AND IN NORTH AFRICA

On the orders of the day:

Mr. L. O. BREITHAUPT (Waterloo North): Mr. Speaker, before the orders of the day are called there is a matter which I would like to draw to the attention of the house, and that is that a citizen of Canada, born in Kitchener, Ontario, Sergeant George Hickson, is the first Canadian who has won two military medals in this war. He won the Distinguished Conduct Medal at Dieppe, and Colonel Ralston has just announced that the Military Medal has been won by the same brave soldier in North Africa.

COAL

PROPOSALS WITH RESPECT TO DELIVERIES FROM DEALERS TO CONSUMERS

On the orders of the day:

Mr. LIONEL CHEVRIER (Parliamentary Assistant to the Minister of Munitions and Supply): Yesterday on the orders of the day the hon. member for Broadview (Mr. Church) inquired about deliveries of coal from dealers to consumers in Toronto. The matter of deliveries of coal from dealers to consumers in Toronto and elsewhere in Canada falls within the jurisdiction of the wartime prices and trade board, through the services administrator and the coal administrator. The recommendations of the Canadian Retail Coal Dealers' Association, recently convened in Toronto, have been submitted to the coal controller of the Department of Munitions and Supply. These proposals have received serious consideration, and a course of action is being planned. The plans have been further reviewed in conjunction with the wartime prices and trade board and a representative group of Ontario and Quebec dealers, and are now receiving final consideration. Action wil be taken on these proposals in the near future.

SUPPLY

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

EXTERNAL AFFAIRS

36. Departmental administration, $252,525.

Right Hon. W. L. MACKENZIE KING (Secretary of State for External Affairs): The leader of the opposition (Mr. Graydon) and other members of the house have asked me if I would make, when it came to a discussion of the estimates of the Department of External Affairs, a somewhat fuller statement on the war situation than it was possible to make earlier in the session. Hon. members also at different times have requested that in dealing with the estimates of external affairs I should take up particular subjects which they have specified. I have thought that it would facilitate the discussions in committee were I to anticipate as far as possible the information with which hon. members would wish to be supplied. I shall therefore first of all very briefly review significant and recent developments in the war situation, and follow that by statements with reference to the united nations organization and planning, the agencies for the direction of the war effort, the planning of the settlement which may follow the ending of hostilities, the refugee situation, and Canada's diplomatic representation; I shall also later in the discussions give to the hon. member for York-Sunbury (Mr. Hanson) the information which he asked I should let him have with respect to the Alaska highway and the pipeline from the Fort William oil fields to the refinery at White Horse.

In the earlier part of the session, and especially in the statement which I made on February 1, I reviewed in some detail the known proceedings of the Casablanca conference between Mr. Churchill, President Roosevelt, and various officers of the armed forces of both nations. I called attention also to various developments in the means and usages of consultation and conference among the governments of the united nations. I suggested that some of the gaps, in these means of consultation, would have to be filled in as the further planning of offensive warfare progressed. What I am about to say relates to developments of the last few months and especially to the mounting successes in the offensive warfare of the united nations.

During most of the months between May of 1940 and August of 1942, the story of the war was mainly one of aggression succeeding aggression in many parts of the world. In no aspect of the general picture of the war in 1942 was there any more significant departure than the extent to which the united nations were able to take the offensive on a large and sustained scale against the axis.

In many areas throughout the summer of 1942, battle forces were so evenly matched that in any particular theatre, even a slight alteration of forces, even a slight accession of concentrated strength, might have tilted the balance towards victory or defeat. As late as mid-October, I felt it was necessary to say that there was no sign that the tide of war had definitely turned. We know now to what extent good use was made of those months from June to October in supplying reinforcements and equipment to a few areas in which a later offensive against the axis might be launched. We know now how careful and precise was the planning which, once the initiative had been taken, made it possible for the offensive to be sustained.

That offensive marked the first turning of the tide in the great battle around the world. The main offensive phase began in the southwest Pacific with the American landings in the Solomons in August, 1942. It was continued, nearer the European fortress, in the offensive launched by the British Eighth

Army, westward from El Alamein, late in October. It received its greatest impetus from the allied landings, in Morocco and Algeria, early in November.

On May 10, in introducing a resolution of congratulation on the victory of the allied forces, I reviewed the campaign in North Africa in some detail. I shall not say more of it to-day. The results are well known. They mark the triumphal close of an all-important chapter in the war.

Elsewhere, campaigns which were holding actions on a vast scale have been turned against the original aggressors with increasing force. In Russia, what looked for a long time like a last-ditch defensive stand was turned into an offensive of such proportions that the entire German Sixth Army was annihilated at Stalingrad. Losses of men and materials on this front have been heavier than in any other theatre of operations. Before the end of 1942, at various points: at the eastern edge of the Black Sea, in the Don valley, on the central front, and in the northwest region fronting on the Baltic, steady gains had been made by Russian forces.

On January 18 of this year, while talks between Mr. Churchill and President Roosevelt were continuing at Casablanca, the siege of Leningrad was lifted. Until the present week, for many weeks past, the front in Russia has been relatively quiet. During the present week, a new German offensive has been launched along nearly 200 miles of the central front. It, along with the recent intensified bombings of strategic areas over Europe, marks a place of new beginning in the war in Europe.

In the Pacific area, Japan's hold remains widespread. There have been some local gains by China in freeing her soil, though the Chinese effort is sharply limited by supplies available, and even more by the length and the difficulties of the supply routes into China. The organization of free China, and the maintenance of industries, education, social services—many of which migrated for hundreds of miles—has been one of the most resourceful answers to aggression in the history of the world.

In the great area of sea and islands in the south west Pacific, the power of Japan has been held at bay, and losses have been inflicted upon her shipping greater than her present capacity to replace it. United States forces have recently driven the Japanese out of some of their strongholds in the Solomon islands. By a determined initiative, they have denied to Japan other bases and harbours which might be used to attack Australia or to prey upon the sea routes from the United States to Australia and the Indian ocean. Forces of Australia and New Zealand have joined in fighting the Japanese in New Guinea and other islands to the north of Australia.

One other area, much closer to our own shores, deserves more than passing mention. As a part of Japan's attempt to control the Pacific, her naval and air forces reached out, during 1942, into the Aleutian islands. The Japanese made determined efforts to build and fortify bases for submarines, seaplanes, and other aircraft at Attu and Kiska. During the latter part of May, following initial landings on May 11, Japanese forces were driven out of Attu island, which is now under American control. Kiska remains a potential centre of attack upon our shores, and upon other parts of this continent. To combat this menace, squadrons of the Royal Canadian Air Force, based in Alaska, have been operating continuously in conjunction with United States forces.

From all of the developments of the past eight months, from what is known of decisions taken at Casablanca and during Mr. Churchill's visit to Washington in May, and from the combined planning which continues from day to day, the picture of the war in 1943 emerges more clearly. Germany and Italy have been driven out of Africa. In addition to the loss of all her African territories, Italy has had to relinquish Pantelleria, and other islands in the central Mediterranean. The aerial and commando assaults against Italy and Sicily, against Sardinia and Crete, are parts of a single strategy which the immediate future may be expected rapidly to unfold.

The war in 1943 must be thought of as a vital part of the war of liberation of the oppressed countries of Europe, of which the liberation of the French empire in Africa was both an essential and a memorable prelude.

I shall now come to speak of the united nations organization and planning.

The supreme direction of the war, the co-ordination of the war effort of the united nations, and the planning of certain aspects of the post-war period and the peace, are all matters which are engaging the attention of appropriate boards or committees representing the united nations.

The united nations have no formal organization. In the prosecution of the war they

act together by constant consultation through the usual channels between governments. These channels are supplemented by a series of international advisory bodies which have been set up to facilitate rapid agreement and speedy execution of joint plans. Canada now has very extensive machinery for consultation with the other united nations. Through the Canadian high commissioners in all the countries of the British commonwealth, through the Canadian ministers in the United States, the Soviet Union, China, and diplomatic relations with other allied governments, and through the high commissioners and ministers of the united nations represented in Ottawa, we have the equipment for constant day to day consultation regarding the conduct of the war and the framing of the peace. In addition we have the continually improving methods of consultation and cooperation by direct exchange of cables between governments.

These channels of communication have been supplemented, especially in London and in Washington, by enlarging staffs and by establishing missions representing particular Canadian departments and services, such as the joint staff mission in Washington, the representation of the Department of Munitions and Supply in both capitals, and the offices abroad of the wartime information board. There has been a similar growth of specialized representation in Ottawa, particularly in the case of the United Kingdom and the United States. On the military side, I need scarcely refer to the work performed in England by General McNaughton and by the overesas headquarters of the three armed services.

Before the United States entered the war we had supplemented our methods for considering problems of common interest by the creation of a series of joint advisory bodies dealing with the defence of North America, with raw materials, with economic coordination, and with war production. To these a joint committee on agriculture has recently been added. These committees and bodies supplement but do not replace the normal methods of consultation.

Shortly after Pearl Harbor, in order to secure more rapid cooperation between the war efforts of the United States and the United Kingdom, a group of combined agencies was established. These agencies are:

1. The combined chiefs of staff, meeting continuously in Washington, composed of the United States chiefs of staff and representatives of the British chiefs of staff;

2. The munitions assignments boards, meeting in Washington and in London, to allocate finished war materials on strategic grounds as they become ready for delivery;

3. The shipping adjustment boards, also meeting in Washington and in London, to regulate the pools of shipping controlled by the United States and the United Kingdom; and

4. The combined raw materials board, meeting in Washington, charged with the duty of planning the most effective use of raw materials. There were later added two further boards, both meeting in Washington;

5. The combined food board, and

6. The combined production resources board.

With one exception these bodies are composed of representatives only of the United States and the United Kingdom and their chief duty is to make recommendations to these two governments in the light of the joint study of the problems before them. They are war bodies formed for special purposes to facilitate the rapid taking of decisions on matters vital to the conduct of the war.

It is essential that the high strategy of the war should be discussed by a small group in conditions of the most absolute secrecy. To avoid giving aid to our enemies, a degree of secrecy, which would be intolerable in times of peace, must surround the taking of decisions, not only on strategy but on almost every aspect of war direction. The recommendations of the combined boards frequently concern governments other than the United States and the United Kingdom. When Canadian action is required to give effect to their recommendations, these recommendations are referred to Canada for approval. The government has sought, with a considerable measure of success, to ensure that in framing their recommendations the combined boards should give the fullest consideration to the position and resources of Canada.

A Canadian joint staff mission has offices in the building which houses the combined chiefs of staff, and it is represented at discussions of direct concern to Canada. We have developed special methods of liaison with each of the combined boards. In the case of the combined food board, for example, a representative of the Canadian government participates as a full member on all the commodity subcommittees.

On one board, the combined production and resources board, Canada is represented by a full member. The Minister of Munitions and

Supply (Mr. Howe) is a member of this board. The board, by the way, as hon. members are aware, is meeting in Ottawa this morning.

I have outlined the chief agencies that have been established for the direction of the war effort. The government hopes that it will be found possible to have a broader basis given to some of these bodies.

Turning now to the planning of the settlement, I have said on previous occasions in this house that informal and exploratory discussions about international aspects of the settlement were constantly taking place, and that Canadian experts and officials were participating in these discussions. On matters as complex as methods for stabilizing currencies, it is obvious that there must be many preliminary talks between experts from many countries before plans can be framed for the consideration of governments. Canadian officials have participated in such talks in London and in Washington. These meetings are supplemented by the constant exchange of information through the usual inter-governmental channels. As the end of the war comes closer, such meetings will grow in number. As plans are framed, they are likely to become the subject of more formal conferences at which most, if not all, of the united nations will be represented.

The first of such conferences—the united nations conference on food and agriculture—has already been held at Hot Springs, Virginia. Hon. members will recall that on June 14, in tabling the final act of this conference, I made a statement on the general work of the conference and the programme for future action. A further united nations conference to consider the international organization of relief in the immediate post-war period will be held later in the present year.

Other meetings will follow as the preliminary discussions complete the preparatory work on each major subject for international agreement. I cannot yet indicate exactly what these subjects will be. Doubtless among them will be included the distressing and baffling problem of refugees, which has lately been discussed at a meeting in Bermuda between representatives of the United States and the United Kingdom. I shall speak of this problem in a moment.

It is too early for me to attempt even a shadowy outline of the form of the international settlement, political and economic, which may follow the ending of hostilities. It may be useful, however, to say a word about one of its aspects. The strong bonds which have linked the united nations into a working model of cooperation must be strengthened and developed for even greater use in the years of peace. It is perhaps an axiom of war that during actual hostilities methods must be improvised, secrecy must be observed, attention must be concentrated on victory. The time is approaching, however, when even before victory is won the concept of the united nations will have to be embodied in some form of international organization. On the one hand, authority in international affairs must not be concentrated exclusively in the largest powers. On the other, authority cannot be divided equally among all the thirty or more sovereign states that comprise the united nations, or all effective authority will disappear. A number of new international institutions are likely to be set up as a result of the war. In the view of the government, effective representations on these bodies should neither be restricted to the largest states nor necessarily extended to all states. Representation should be determined on a functional basis which will admit to full membership those countries, large or small, which have the greatest contribution to make to the particular object in question. In the world there are over sixty sovereign states. If they all have a nominally equal voice in international decisions, no effective decisions are likely to be taken. Some compromise must be found between the theoretical equality of states and the practical necessity of limiting representation on international bodies to a workable number. That compromise can be discovered, especially in economic matters, by the adoption of the functional principle of representation. That principle, in turn, is likely to find many new expressions in the gigantic task of liberation, restoration and reconstruction.

I shall now make a statement on the policy of the government with respect to refugees from Europe. Only the most callous could contemplate with indifference the situation of most of those unfortunates who, since Hitler's assumption of power, have been driven from their homes. Among them are to be found members of nearly every nationality and creed under the sun. They have been scattered far and wide. Most of them, however, including those whose sufferings are greatest, are still contained within the ring of territories held by the axis armies. For them, except perhaps for a tiny number who

may by subterfuge or stealth cross the axis-held frontiers to neighbouring neutral countries, the only escape from persecution lies in the victory of the armies of the united nations.

Inside German dominated Europe terrible things are happening, but the lash has fallen on the backs of the Jews more heavily than on any other group or race. Last December, the allied governments in London, in conjunction with the United Kingdom and the United States, issued a declaration denouncing the ruthless German policy of extermination of the Jewish people under their control and promising retribution. The government of Canada was glad immediately to associate itself with this declaration. There is, unfortunately, abundant evidence that there has been no change during the last six months. Indeed, in eastern Europe especially, the signs are that the treatment of the Jews has grown even more pitiless, and Jews from the western European territories under German control have been moved eastwards to share the fate of those from central and eastern Europe.

There is nothing that the allied governments can do to save these hapless people except to win the war as quickly and as completely as possible. They cannot be removed from axis territory. Efforts to aid them, even if aid was feasible, would prolong their agony if these efforts were to prolong the war. It was agreed, at the recent Bermuda conference between officials of the governments of the United States and the United Kingdom, that no negotiations could be undertaken with Hitler, since his entire record has left no doubt that he would only agree to such solutions as would be of direct aid to the axis war aims. It was also agreed that nothing could be recommended that would interfere or delay the war effort of the united nations.

This Bermuda conference, however, has made a number of recommendations for the purpose of assisting those refugees who have already managed to penetrate through the axis ring to neutral countries. While victory alone can reach the central core of the refugee problem, it is not by any means beyond the power of the united nations to aid those who have escaped but have not yet found a safe asylum until peace is restored. I cannot give the house details either of the number of refugees in various neutral and allied territories or of the proposals—now accepted by the governments of the United States and the United Kingdom —which were recommended by the Bermuda conference. The delegations agreed that the details of their deliberations must be regarded as confidential so long as a knowledge of their recommendations would be of aid or comfort to our enemies or might adversely affect the refugees whom all are trying to aid. The universal problem of shipping was also recognized at the conference as of the utmost urgency and it was agreed there that any plan that looked to the diverting of allied shipping from the war effort, to remove or care for refugees, would present considerations of a military character which would disclose almost insuperable difficulties.

Mr. HANSON (York-Sunbury): Were we represented at Bermuda?

Mr. MACKENZIE KING: We were not invited to be present at the conference. It was a conference between the United States and the United Kingdom with regard to which we had received no prior information other than that the two countries were seeking to arrange a conference at some place to be subsequently chosen, Bermuda became the chosen locality.

Mr. COLDWELL: Have we been asked to accept the recommendations?

Mr. MACKENZIE KING: No, not as yet. I shall have a word to say about that in a moment.

Mr. COLDWELL: Have they been forwarded to us?

Mr. MACKENZIE KING: I shall refer to that in just a moment. Refugees who have reached Switzerland and Sweden cannot be moved to other destinations, as there is no means of transporting them. Refugees who have escaped into Spain, Portugal, the middle east, and Africa, but have not yet found a safe resting place, can, if shipping is available, be moved to places where they can remain until peace is restored. This group includes many thousands of many races: Poles and Frenchmen, Czechs, Greeks and Yugoslavs, as well as Jews.

All that I can say about the decisions at Bermuda is to quote as follows from the statement issued after the conference:

> The conference was able to recommend measures both for removing refugees from neutral countries and, in those cases, where such removal was not possible, for giving assurances of international cooperation in the future of the refugee problem so far as it affected them.
>
> It also recommended a number of temporary refugee havens to which refugees could be transported and maintained if and when shipping should become available. At least one such movement has been effected.

The Bermuda conference also made certain recommendations of a more general character. The refugee problem is essentially an international one, which can only be solved by cooperative effort. The conference recommended that the inter-governmental committee on refugees, which was established at the Evian meeting of 1938, should be reconstituted with increased authority, larger membership and greater financial resources. The Canadian government will be glad to play its part in giving effect to this recommendation. The conference also recommended, in order to allay the anxiety especially of neutral European countries, that the united nations should in a declaration provide for the repatriation of refugees to their own lands at the end of the war. The conference adopted other proposals designed to make it easier for neutral countries to maintain the refugees in their territories whose removal could not be arranged. The Canadian government has not yet been asked to assist in giving effect to the proposals framed at Bermuda, but it will be glad to play its full part as soon as these proposals are presented to the united nations. This would include participation in the revised and strengthened inter-governmental committee, and also the reception in Canada until peace is restored of a number of refugees in addition to those already within the country.

I cannot state how many additional refugees Canada will be prepared to receive. This depends on many factors not within the control of the Canadian government. The dispersion of refugees now in neutral European countries, and the reception of those who may hereafter escape from axis territories, must be conducted under international auspices, with consideration given to the possibilities of transport, of repatriation at the end of the war, of uniting families and of useful employment in the war industries. Considerations of security must be carefully weighed in individual cases. A declaration such as the government has been urged to make, that Canada would receive all refugees from axis territory who could reach her shores, would be an invitation to the German government to distribute in this manner their spies and secret agents.

There is outstanding an offer of the Canadian government made last autumn to receive for the duration of the war up to 1,000 Jewish children then in unoccupied France and separated from their parents. The care and maintenance of these children was guaranteed through the Canadian Jewish congress under conditions generally similar to those applied to children evacuated from the British isles in 1940 under the government scheme. Before effect could be given to this offer, the Germans occupied the whole of France. The offer, however, is still valid. If arrangements can be made through neutral countries or the inter-governmental committee for the departure of these children from France, we shall gladly accord them admission to Canada.

We already have in Canada a very considerable refugee population. Many of those here have been admitted for permanent residence in accordance with the provisions of the Immigration Act and regulations. Others have been granted asylum for the duration of the war only, and it is to this latter group that I wish now to refer for a moment. There are doubtless among them many who would be glad to make their permanent homes in Canada, including some who have come from the British isles and some from countries of continental Europe. While the government can give no general undertaking that all who wish to stay will be granted the right to reside permanently in Canada, individual applications for permission to remain in this country after the war will be given full and sympathetic consideration.

It is hard to say how many refugees from Europe have been admitted to Canada since Hitler's rise to power. In our immigration statistics there is no category of entrants who are recorded as refugees. My impression is that those who criticize what has been done, and accuse the government of inertia and inhumanity, are often not fully cognizant of the facts. In the years 1933-42, nine thousand persons were admitted as immigrants to Canada by special orders in council, and most of them were European refugees. In addition, shortly before the war, 300 families and a substantial number of single men from the Sudeten area were admitted for agricultural settlement in western Canada, and hundreds of other agricultural refugees from central Europe were also admitted during that period. The total immigration from Europe, between April 1, 1933, and March 31, 1942, was 39,000, the bulk of whom were refugees. All these entered Canada for permanent residence.

I cannot even give an approximate figure of those admitted temporarily, as the records do not exist. All I can say is that these amount to several thousands, not including nearly 8,000 women and children who have been evacuated from the British isles since the spring of 1940. We have released also, under temporary status in Canada, about 900 persons of German and Austrian citizenship, who

were transferred to Canada in July 1940 by the United Kingdom government. In addition we have received several hundred Polish and Czech technicians to work in our war industries. Quite apart from all these groups I should mention the many thousand prisoners of war who have been transferred to Canada for safe custody; while they are in no way refugees they constitute nevertheless a drain on our supplies and resources and their presence here has made it easier for refugees to be accommodated in African and Middle East territories under allied control.

We have not, of course, done all that we could have done and perhaps we have not done all that we should have done. Our record, however, is better than it is frequently made out to be and I think that it will stand comparison with the records of other parts of the British commonwealth and of the United States.

Since the outbreak of war Canada's diplomatic representation has been greatly extended. In September, 1939, Canada had, in addition to the long-established office of the High Commissioner in London, legations in the United States, France, Japan, and in Belgium and the Netherlands, as well as the office of the permanent delegate to the League of Nations. Since that time the legations in Paris, Tokyo, Brussels and the Hague and the office in Geneva have been closed. But in the interval, fourteen new offices abroad have been established. Of these, five represent the appointment of high commissioners within the British commonwealth, to Australia, New Zealand, South Africa, Ireland and Newfoundland. Five are of new legations, to U.S.S.R. and China, and in South America to Brazil, Argentine and Chile. In addition, one minister has been accredited to seven of the allied governments established during the war in London: Belgium, the Netherlands, Poland, Norway, Yugoslavia, Greece and Czechoslovakia. All of the countries I have mentioned are represented in Ottawa by ministers, high commissioners or accredited representatives as the case may be.

Consular officers of Canada are serving in Greenland, and in St. Pierre and Miquelon. Most recently, with the appointment of a consul-general to New York, the first separate consular establishment in the United States has been opened.

The supervisory commission of the League of Nations still meets, though not at Geneva, and there is a Canadian representative on this continuing body. An important part of the league, the International Labour Organization, has, since 1940, had its headquarters at Montreal.

All of these formal relationships speak of the developing importance of Canada in the world community. The fortunes of war—or perhaps something more than the fortunes—have brought to Canada valiant men and women of many nations: sovereigns, prime ministers, foreign ministers and officers of state; chiefs of staff and ranking officers of armies, navies and air forces of many lands.

The stature of nationhood which Canada has reached—I mean the position of Canada as a world power—has been reached, not on material grounds alone, though Canada's contributions to mutual aid have been impressive by any standard. Neither does it owe its emergence to political considerations. It has arisen, I believe, from our recognition of the needs of humanity. Our conception of nationhood rejects, as it must always reject, any attachment to ideas which are non-democratic, or to usages which would constitute the negation of free institutions and the untrammelled expression of the free souls of free men. It is something which speaks not simply for to-day, or next month, or the year after next, but for all the future of Canada.

Mr. H. C. GREEN (Vancouver South): Mr. Chairman, this is the first opportunity that has been afforded the House of Commons during the present session to discuss Canada's foreign policy, and I think that is to be regretted. Questions of foreign policy are daily becoming of greater importance to Canada. They are probably the most vital questions this house can face in any of its sessions. Therefore I deprecate greatly the practice of the government in postponing each session the discussion of foreign policy, and then setting aside a very short time for that purpose.

It has always seemed to me that it would be very helpful if we were to have set up in this house a committee to be known as a foreign affairs committee, or one at any rate which would deal with questions of foreign affairs. For that matter there might also be a similar committee set up in the senate. I am confident that if this step were taken it would mean that the government of the day would get help in settling problems having to do with foreign affairs. It would also mean that members of both the Senate and the House of Commons would be far better informed on foreign questions, and it would help the Canadian people to get a better grasp of the different problems.

At the present time Canadians are given very little leadership by this parliament in connection with foreign affairs and yet the foreign policy of any country must be based upon the beliefs and wishes of its people.

Before the war Canada's foreign policy might be summed up as, first of all, friendliness to all nations. With that policy no one can quarrel, although at times it was carried to an absurd length—for example with Germany and with Japan. Hon. members who were in the last House of Commons, the last parliament, will remember how this government allowed scrap iron to be shipped out to Japan, even when it was obvious to everyone that it was only a matter of time before Japan would be at war with the British commonwealth and with the United States. Friendliness in foreign affairs can very easily go so far as to become a policy of hiding your head in the sand.

Then, the second branch of Canada's foreign policy before the war was that we had no commitments to anyone—either to Great Britain, to any of the other members of the commonwealth, to the United States or any other nation. Time and again both in the house and on the hustings members of the government stated that policy—that Canada had no commitments. And they put it in this way, that Canada could be informed by Great Britain of what was going on, but she could not be consulted, the implication being that if she were consulted she would be under some obligation, and Canada felt that she should be under no obligation to Great Britain or to anyone else.

Now, that was the announced policy. In actual fact it was not the policy. One has only to refer to the report of the imperial conference held in London in 1937 to learn that at that time and at that conference the main topics of discussion were foreign affairs and defence. Quite extensive plans were made for the empire, for the commonwealth, to have a common policy in foreign affairs, and also for the defence of the commonwealth as a unit. But the government did not see fit to explain that to the Canadian people. And I do suggest for the future—unfortunately it is too late now to do anything about the past—it would have been better if the government had come right out in the open and said, "The nations of the British commonwealth propose to stand together, war or no war. War or no war we stand together as a British family; and let the rest of the world take notice accordingly." That is the only fair way to treat the Canadian people. Hearing this talk of a no-commitment policy, and not knowing where they stood, there was utter confusion from one end of Canada to the other with regard to Canada's foreign policy. I repeat it would have been far better for the Canadian people if they had been told by their government that the British family intended to stand together as one, and that Canada was with the rest of the family.

[Mr. Green.]

Perhaps the most humiliating situation in which Canada was placed as a result of this no-commitment policy was on July 1, 1938, Canada's birthday, when those of us who were in the last parliament had to sit in the house and hear the Prime Minister (Mr. Mackenzie King) say that he was unwilling to have Great Britain set up schools in Canada for the training of her airmen, because that would be the equivalent of setting up a foreign military station in this land.

Mr. MACKENZIE KING: I take exception at once to what my hon. friend has said. If he makes any reference he should make clear that the whole point in connection with the schools being established in this country was that the government had no objection whatsoever to the schools being established, so long as their administration was to be under the responsibility of a Canadian minister.

Mr. GREEN: I have the reference from *Hansard* before me.

Mr. MACKENZIE KING: Read them.

Mr. GREEN: Unfortunately what I have said is correct.

Mr. MACKENZIE KING: No, it is not correct. I have made a statement, and I challenge the hon. member to refute it. The position has been perfectly clear at all times.

Mr. GREEN: And I may say this, that as an old soldier of Canada I hung my head in shame at the words of the Prime Minister on that occasion, and the manner in which they were said.

The CHAIRMAN: The Prime Minister has denied the statement attributed to him, and has asked for the exact statement.

Mr. GREEN: I would refer the committee to page 4527 of *Hansard* for July 1, 1938, where the Prime Minister is reported in this way:

> May I say a word with respect to the idea of having the imperial air force set up flying schools in Canada to train their pilots; in short, a military station put down in Canada, owned, maintained and operated by the imperial government for imperial purposes. I must say that long ago Canadian governments finally settled the constitutional principle that in Canadian territory there could be no military establishments unless they were owned, maintained and controlled by the Canadian government responsible to the Canadian parliament and people.

The Prime Minister goes on to say:

> Such domestic ownership, maintenance and control of all military stations and personnel is one of the really indispensable hall marks of national sovereign self-government and an indispensable basis for friendly and effective

cooperation between the governments of Canada and those of other parts of the British commonwealth of nations, including the government of the United Kingdom.

At page 4529 of *Hansard* we find this:

Mr. Bennett: This is not a military force but a training force.

Mr. Mackenzie King: I want the house and the country to understand clearly what is being discussed. My reference was with regard to the idea of having the imperial air force set up a flying school somewhere in Canada to train their flying pilots. In short, a military station to be put down in Canada, owned, maintained and operated by the imperial government for imperial purposes.

Mr. Bennett: Not for imperial purposes.

Mr. Mackenzie King: It is for imperial purposes. Is it for Canadian purposes?

Mr. Bennett: Yes, very much so.

I will leave hon. members to draw their own conclusions.

Mr. MACKENZIE KING: My hon. friend, were he willing to make the record complete, should have drawn attention to what I said several times, in addition to the particular excerpts he has quoted, and which served to make our position very clear.

Mr. GREEN: If the Prime Minister wishes to explain his words he will have an opportunity to do so.

The third branch of Canada's foreign policy before the war was that there was great emphasis placed at all times upon our independence and our equality of status. It was claimed that Canada was a nation by reason of the imperial conference of 1926 and of the Balfour declaration and the statute of Westminster which followed. Actually Canada became a nation because of the fighting of the Canadian corps in the last war. Those were the three branches of Canada's foreign policy before the war—friendliness, no commitments, and emphasis on equality of status.

Now after four years of war presumably Canada still has a policy of friendliness, but I believe the Canadian government no longer follows the policy of no commitments. We have commitments in every direction, and quite properly so. The stage of no commitments has long since passed. But the Canadian government has not yet given up the third branch of its foreign policy, which, as I have said, is to place great stress on equality of status. The Prime Minister (Mr. Mackenzie King), on March 19 of this year, outlined Canada's foreign policy, and by the way he did it then much more fully than he has done to-day. He read the Balfour declaration and ended his speech with these words:

In all our relations with other parts of the empire and with other countries, so far as the present administration is concerned, we intend to stand on the ground of a status of our own equal to that of each and all of the self-governing communities—the dominions and the United Kingdom included.

No one either inside of Canada or outside of Canada is questioning Canada's equality of status or Canada's independence, and the government in making a declaration of policy of this type is setting up a straw man simply to knock him down. In these days, in the fourth year of the war and approaching the fifth year, Canada needs something far more up to date and far more realistic in the line of foreign policy. We are living in a different world from that of 1939. There have been great developments as a result of the war. I need not list them, but there have been developments, for instance, in the way of raising men for the armed forces, in the production of manufactured goods, in the production of food, and other developments so great that the Prime Minister the other day, on July 1, another of Canada's birthdays, boasted in this fashion, as found at page 4226 of *Hansard*:

In the course of the present war, we have seen Canada emerge from nationhood into a position generally recognized as that of a world power.

Canada a world power! Those are striking words and thought-provoking words for every man and woman in Canada, and they can be made a fact. But they will never be made a fact with a Canadian foreign policy that emphasizes only friendliness for all and equality of status with the other British nations. That does not go far enough. Something more is required if Canada is to be a world power. A foreign policy is required that will give the Canadian people a vision of their nation taking a stand on world questions as they arise, and not simply waiting outside the door for some of the larger nations to hand out a decision. Canada herself must take a stand on world questions as they arise. Secondly, a vision of Canada boldly asking for the sort of world that Canadians believe in as individuals. Thirdly, Canada must be willing to assume her fair share of responsibilities, of whatever burdens there may be entailed in order that a better world may be developed after this war.

If the Canadian people catch this vision of Canada as a world power taking the lead in making a better world, they will so build this nation and develop Canada—and after

all it is the people who develop a nation, not the government—that she will become such a world power.

The foreign policy announced by the Prime Minister is too much wrapped up in a blanket of words, which is one of the great failings of the Prime Minister in practically all his announcements, and it is qualified by too many provisos. Canadians must have a foreign policy that is straightforward and easily understood by all. To-day I make bold to suggest certain broad principles for a Canadian foreign policy and to ask the government to give them the most serious consideration.

The first principle I enunciate is this, that the Canadian government should make it known to the Canadian people that this nation has finished forever with a policy of no commitments, with a policy, in other words, of isolation. It must be clear now to the most stupid person in the civilized world that no nation can stand alone. Let Canada be prepared to stand with all the other nations who are seeking to build a better world.

The second principle is that Canada will accept her full share of responsibility for maintaining law and order beyond her own boundaries. That may mean that Canada must provide an air force for the post-war period, that she must provide troops, that she must provide naval forces for the maintenance of law and order beyond the boundaries of Canada. We must be prepared to take our share in maintaining order after the war. The United States is moving along this line. I was very much impressed by what is known as the Fulbright resolution, a resolution recently passed unanimously by the foreign affairs committee of the House of Representatives favouring—

> —the creation of appropriate international machinery with power adequate to establish and maintain a just and lasting peace among the nations of the world and favouring participation by the United States therein.

That is a notable declaration by the United States House of Representatives, and a principle of that type could very well be adopted and enunciated by the Canadian parliament.

The third principle is this, that Canada intends to stay in the British family of nations, that Canada intends to develop within the British commonwealth. That will mean Canada standing as a world power at the side of Great Britain, perhaps a power with a larger population eventually than Great Britain; in my opinion, if this nation is given proper leadership, that will become the case in course of time. And it should be made clear that Canada believes that the British family of nations should speak with one voice in foreign affairs. That is what the United States and the other nations of the world expect; that is what the Canadian people want—make no mistake about it—and in the long run Canada's foreign policy will be what the man on the street wants it to be.

In recent years Canada has placed too much emphasis on status. It is like a man throwing out his chest and showing off what a big fellow he is. That is very clearly brought out in a pamphlet entitled "The British Commonwealth at War", by William Yandell Elliott and H. Duncan Hall, and published this year. At page 14 I read this:

> The period in which the emphasis was laid by the British dominions upon status, rather than upon their common interests and their obligations as members of the British commonwealth, lasted for little more than fifteen years; it ended roughly in 1935, when the world began to be once more manifestly unsafe for small powers. The dominions which placed the most emphasis upon status were Canada, the most secure of all the dominions, and Eire and South Africa which, because some of their population had recently been at war with Britain, were under a deep psychological necessity to assert their independence. Australia and New Zealand, the most exposed to danger from war, the most British in the composition of their populations, the most free from memories of past friction with Britain, placed far less emphasis upon status and far more upon the sharing of mutual obligations with the other members of the commonwealth and the making of contributions to the common defence.

In the League of Nations we had the British commonwealth speaking with different voices. Other nations have never understood that, and they never will in the days that are to come. The fact of Canada declining to be consulted, Canada holding back, has resulted in Great Britain, which had to speak for herself, being taken in effect as speaking for the British commonwealth. From the statements of Mr. Eden, the British Foreign Secretary, in Washington when he was there this spring, it is clear that Great Britain does not like that; that she would like to have the commonwealth speaking as a unit. We find this press quotation in the papers of March 27 of this year from Washington, dealing with Mr. Eden's visit:

> Here in Washington the Foreign Secretary has made no secret of his desire for further collaboration between the commonwealth on foreign policy or any other matter. He has made it clear that Britain claims no exclusive representation for the empire on the various combined organizations now set up and in the process of formation—and in fact would be willing to step down in turn to make room for the dominions to represent the commonwealth.

There is danger of a Big Four set-up in international affairs, with Canada one of the smaller nations waiting around outside. The Prime Minister this very morning has told us about the leading boards, and he has said that with the exception of one, on which our Minister of Munitions and Supply is a representative, all of them are United Kingdom-United States boards. Just the other day, on June 11, announcement was made that a relief agency had been formed of the united nations. Canada is vitally concerned with that relief agency because she will have to supply a large portion of the food and other materials. Yet we find in another press dispatch from Washington, dated June 10:

> The real governing board, however, will be the central committee consisting of representatives of the big four, Britain, the United States, Russia and China.
>
> Although the draft agreement does not suggest Canada for membership on the central committee, despite the fact that Canada, next to the United States, will provide more relief food than any other country, there is one position of major importance that would seem to be ideally suited to Canada's unique position. That is the chairmanship of the supplies committee.

And then it goes on:

> It may develop that Canada will be selected at the Washington conference for this role, having been left off the central committee.

If Canada insists on taking her part in the councils of the nations as a wholly autonomous, independent unit of the British commonwealth, showing that the commonwealth has no common foreign policy, she can expect nothing but to end up in the position in which she has ended up on so many of these committees. She can expect at best a minor and an indirect voice in such councils. The tragic feature of that policy is that the result will be that Canada will develop a small nation complex and will never be anything but a small state.

I suggest to hon. members that it would be far better for Canada to develop within the British commonwealth, thereby greatly strengthening it, thereby giving the commonwealth a far stronger voice in world affairs, and in fact thereby making the commonwealth the basis of a broader world order. The British commonwealth needs Canada. It needs Canada just as much as Canada needs the other nations of the commonwealth. Canada is the keystone of the British empire. We are an Atlantic power, a Pacific power, an American power, and now, with the development of aeroplanes, we are an Arctic power. I would impress upon the Prime Minister that Canada is now the keystone of the British empire and that we should plan with that thought in mind.

Take for example the British commonwealth air training plan. What a wonderful thing that has been. It shows what can be done when the nations of the British commonwealth make up their minds to really work together. We can carry out plans of that type with regard to our air development in the post-war days. I do not intend to go any further into that, because the subject will be dealt with by my colleague the hon. member for Lake Centre (Mr. Diefenbaker). I am sure that what our lads who are serving in every part of the globe would insist upon, if they could be here, would be that Canada shall develop as a great nation within the British commonwealth. After all, they are the Canadians who are really making Canada a world power—not those of us who are here at home.

The fourth principle of Canada's foreign policy should be that the British commonwealth and the United States are indispensable to one another and must be in alliance for all time. Let us face that fact and tell the rest of the world it is what we believe. There has been no war between those two groups of British peoples for over 128 years. That is a significant fact; it shows that our interests are parallel; had it not been so there would have been war between the peoples long since.

This whole question of the relationship between the British commonwealth and the United States is very clearly expressed in a book by Walter Lippmann, which has been published this last month, entitled "U.S. Foreign Policy: Shield of the Republic." It is a small book, which it would repay any hon. member to read, because it applies not only to United States foreign policy, but also to Canadian foreign policy. At page 127 Mr. Lippmann says:

> Is it not undeniable that American commitments in the Atlantic and the Pacific dictate the need for an alliance with the British commonwealth of nations and with the empire? . . . It is better to proclaim frankly that the alliance is necessary, and then to demonstrate the need for it to the common sense of the British, the Canadian, and the American people.

I suggest to hon. members that that is good advice as well for Canadians.

The fifth principle is this, that Canada, as an American nation and a nation which has always been friendly with all other nations of this hemisphere, should be an active member of the Pan-American Union, it being understood of course that we are not to be taken thereby as weakening our connection with the British commonwealth of nations. Just a few days ago, on June 28, the Prime Minister tabled an inter-American radio agreement,

and it is strange to find that it was an agreement signed in Chile on January 26, 1940, over three years ago. Canada was not present at the negotiations and is not really a party to the agreement, but Canada adhered to the agreement on the 8th of May, 1943. This shows the ridiculous position in which we are placed in our dealings with other nations of this hemisphere. I repeat that we should become an active member of the Pan-American Union.

The sixth and final principle is this, that Canada should promote the closest cooperation with Russia, China, and the other united nations, and that Canada hopes eventually to see established a world organization which will include all nations. I would point out Canada's position with regard to Russia. The development of the aeroplane has made Russia our neighbour over the north pole; we have had Russian aviators flying here by that route; we are also close neighbours by way of Alaska; and we must cooperate with that great nation. China will be a great field for trade after the war and that is of particular interest to those Canadians who live on the Pacific slope, and I repeat that Canada should promote the closest cooperation with her.

These are the six principles I place before the Prime Minister and the house for consideration. There may be others that are equally important, and I hope that members will bring forward suggestions for Canada's foreign policy. These principles are clear; I believe they are sound; and they are based on what is Canada's own interest. In the last analysis that must be the basis for the foreign policy of any nation—whether it is in the interests of the people of that nation.

In conclusion, for Canada this is a turning point. We are at a turning point in the history of this country. Either we go on from here and become a real world power, or we develop a small-nation complex; and now is the time to place before the Canadian people a vision of what this wonderful nation of ours can be.

Mr. M. J. COLDWELL (Rosetown-Biggar): This is the first opportunity this session which the house has had of discussing external affairs. I was hoping that opportunities might have been found to enable us to go into the question of external affairs before reaching this stage of our proceedings. On March 19, as reported at page 1398 of Hansard, I said to the Prime Minister:

> I think it would be of value if at an early day the Prime Minister would call an item in his estimates so that there might be a discussion of Canada's external affairs. It would enable us to arrive at a clearer understanding of some of the things, which, as he suggests, may becloud the issue.

[Mr. Green.]

The report goes on:

> Mr. Mackenzie King: I am anxious that the house shall get on with its business as rapidly as possible. Before we take up any new subject for discussion we should conclude with the matters in hand.
>
> Mr. Coldwell: I agree. I meant not to leave it until the dying days of the session.
>
> Mr. Mackenzie King: I shall undertake with pleasure to see that matters of foreign policy are discussed before that time.

That was during the budget debate. Since then other departments have gone into supply and have had some of their estimates discussed, but external affairs has been left until the dying days of the session, when the house is tired and when we are faced with a great deal of unfinished business. To my mind this is one of the most important debates in the course of the session. Throughout the years we have not had that consideration of external affairs that should have been given by this parliament, and much of what the hon. member for Vancouver South (Mr. Green) said this morning, a great deal of his criticism, is due to the fact that this house has not given sufficient attention to questions of external policy and external affairs.

Mr. NEILL: Would the hon. gentleman allow a question? Both he and the hon. member who spoke before him suggested that this matter should be dealt with by means of a committee. Is it not a fact that there is a standing committee that deals with international relations? It has been in existence ever since confederation, I suppose, but the government has not allowed it to meet for the last seven years.

Mr. MACKENZIE KING: I take exception to my hon. friend's statement. He says that the government has not allowed it to meet.

Mr. NEILL: Yes.

Mr. MACKENZIE KING: That is not correct. There has been no request for the committee to meet. Had there been such a request the government would have acceded to it, whether coming from my hon. friend or from any other hon. member.

Mr. HANSON (York-Sunbury): The committee can be set up only on motion of the government. Because there is no request, that does not relieve the government.

Mr. MACKENZIE KING: There is a standing committee of the house, and any hon. member may ask that it be called. My hon. friends know that and they have not asked that it be done. But to say that the government has prohibited it is completely wrong.

Mr. NEILL: I did not use the word prohibit; I said, did not allow. I have tried to bring matters before other committees and I know what success I have had.

Mr. COLDWELL: I believe I have the floor. This is the 107th day of the session. It is all very well for the Prime Minister to say that there is a committee and that any hon. member may request that it be called; but, as he well knows, members of the house usually wait for some move from the government or from the government side of the house to encourage the calling of such a committee. However, I am not disputing the fact that a member of this house could have asked for the setting up of that committee. But even that does not excuse the Prime Minister, as Minister for External Affairs, for leaving this important matter until the 107th day of this session. I know that the Prime Minister is busy. I know that he has many weighty affairs to which he must given his attention, and I was therefore surprised, when the assistants to the various ministers were appointed, that no assistant was appointed to the Prime Minister in his capacity as Minister for External Affairs. It seemed to me that if there was one place where assistance was necessary it was in that particular department, and I had hoped that some additional attention would be given to external affairs by the appointment of an assistant.

There are a good many things I desire to say in connection with this debate, but perhaps, in order to put myself in the frame of mind in which I can discuss these matters with rather more careful consideration, and since I want to deal with something which is a little unpleasant, I may observe by way of preface that I have always refrained from making personal attacks. I think every member of the house will give me credit for that. It is against my nature and my way of doing things to make personal attacks. On May 14 I had occasion to refer to one of our ministers, the minister at Washington, Mr. McCarthy, and I made certain criticisms to which I shall allude in a moment. On May 17 the Prime Minister rose in the house and gave me something of a castigation for, to use his own words, "making innuendoes of a character unworthy" of myself, and making, as he said, all kinds of irresponsible representations regarding the minister at Washington. Now the only irresponsible statement made in that regard was a statement by the Prime Minister when he said:

> I am prepared to support all the representations made by Mr. McCarthy in the statement he has presented here.

Shortly after that statement, within a week of raising the matter in the house, I was in Washington. Mr. McCarthy sent me an invitation to visit him. I visited him, and on that occasion we discussed the statement which was placed before the house by the Prime Minister. Here is the statement:

> Questions asked by Mr. Coldwell may be summarized as follows:

I have no quarrel with the summary. My question was:

> (1) I want to ask him what part in this agreement and in the general agreement we are discussing under this bill the Department of External Affairs played. What part did it play in relation to this country?
>
> Answer: So far as the minister in charge of this legation is concerned, the answer to this question is that he played no part whatever, and he goes further and says that he has never discussed with any member of the United States administration or officer thereof.

Mr. McCarthy told me that that statement was absolutely correct, and I took his word. I said to Mr. McCarthy at the time: If agreements of this sort, involving Canada and the United States, are not matters for discussion by our legation at Washington, what is the legation there for? Of course, Mr. McCarthy told me that I must ask the Prime Minister that question, and I do ask him now: What function does our legation perform if it does not deal with matters of the description we have been discussing in this house? Then I quote again:

> (2) Mr. Coldwell says: I find it very difficult to believe that the minister at Washington had nothing to do with negotiations in regard to these matters involving Canada and the United States.
>
> Answer: No matter how difficult Mr. Coldwell finds it to believe, the fact is that the minister had nothing whatever to do with these negotiations, and played no part in them.
>
> (3) Mr. Coldwell says: He (Mr. McCarthy) is still a director and vice-president of the parent company, the Aluminum Company of the United States.
>
> Answer: Mr. McCarthy is not now nor has he ever been a director or vice-president or officer of the Aluminum Company of America.

I did not say that he ever was vice-president or director of the Aluminum Company of America; I said that he was vice-president and director of the parent company, which unfortunately I miscalled the Aluminum Company of the United States. When I was in Washington I drew that to Mr. McCarthy's attention and I asked him this question: Are you not vice-president and director of the parent company, Aluminium Limited?—I miscalled it the Aluminum Company of the United States. Mr. McCarthy's reply to me was: Yes, I am and I intend to remain so; the Prime Minister knew of my directorates when I was appointed minister at Washington. I characterized the original statement at the time as a deliberate concealment of the truth.

Whether Mr. McCarthy personally was responsible for that or not, I do not know, but I suggested that there was a deliberate concealment of the truth. I could not conceive of a gentleman who has had the long experience in corporation law which our minister at Washington has had, being so careless, both in this case and in the case I am going to mention, in the use of the English language as to place the matter in the manner in which it was placed.

Mr. MACKENZIE KING: I must take exception at once to the statement by my hon. friend that there has been a deliberate concealment of the truth. First of all, I want him to state whether he makes that charge in reference to myself, because if he does I wish to say that I refute it absolutely. There has been no concealment of the truth in any particular so far as I am concerned. I believe Mr. McCarthy is just as honourable a man as my hon. friend or myself, and I am quite positive that he would not be guilty at any time of a deliberate concealment of the truth. My hon. friend has said that he made a mistake in referring to some other corporation.

Mr. COLDWELL: Which did not exist.

Mr. MACKENZIE KING: Whether it existed or not.

Mr. COLDWELL: I said the parent company.

Mr. MACKENZIE KING: Mr. McCarthy's reference was to the statement which my hon. friend made.

Mr. COLDWELL: I accept the Prime Minister's word that there was no deliberate concealment of the truth. I am prepared to say that Mr. McCarthy told me that he did not intend that there should be a deliberate concealment of the truth. I said that I had characterized it as such when I was speaking in this house on a previous occasion, and I leave it to hon. gentlemen to say whether in the light of the circumstances what I said then was justified or not. I went on to say:

> As a matter of fact Mr. McCarthy has been for thirty years legal consultant of the Aluminum Company of Canada.
>
> Answer: That would be a correct statement beginning with the year 1907, but incorrect as to the last probably eight or ten years, when he was superseded by Mr. Aime Geoffrion, K.C., of Montreal, who has been elected a director of Aluminum Company of Canada in Mr. McCarthy's place.

In answer to an interjection of mine the Prime Minister indicated that he too thought that this occurred eight or ten years ago, when as a matter of fact Mr. McCarthy resigned as counsel in 1937, his place being taken by Mr. Geoffrion. But he resigned in January of this year as vice-president and director of the wholly owned subsidiary of Aluminium Limited, known in Canada as the Aluminum Company of Canada. As Mr. McCarthy told me, it was not until then that Mr. Geoffrion was appointed a director of the company.

Mr. HANSON (York-Sunbury): Does the hon. gentleman say that the Canadian company is a wholly owned subsidiary?

Mr. COLDWELL: The Aluminum Company of Canada is a wholly owned subsidiary or a company belonging wholly to Aluminium Limited of Canada.

Mr. HANSON (York-Sunbury): That is the company whose shares are listed on the stock exchange.

Mr. COLDWELL: Yes. I am not going into this very fully.

Mr. MACKENZIE KING: Perhaps my hon. friend will excuse me. I think he will agree that the directors of these companies are all listed and published and were so listed at the time the statements were made in the house. There was no effort made to conceal them.

Mr. COLDWELL: The statement is most misleading. If you read the statement which came from Mr. McCarthy you will see that it clearly indicates, as the Prime Minister thought it did, and as I did the day the matter was introduced into the house, that Mr. Geoffrion had been counsel and director of this company since 1937. That is the way I read this statement, and the Prime Minister evidently thought the same.

Mr. MACKENZIE KING: There is a directory of directors with which my hon. friend is familiar, and he will see Mr. McCarthy's connection as director set forth in that directory. It is and always was a matter of public knowledge. Mr. McCarthy would not, nor would anyone else, wish to conceal that fact.

Mr. COLDWELL: The impression given by that answer was that he had not been since 1937.

Mr. HANSON (York-Sunbury): Eight or ten years.

Mr. COLDWELL: That would be 1937. This is a rather tangled skein to follow. I am not going to comment further except to say that the impression went abroad from this house that I was incorrect in the state-

ment that I made on that occasion. It was even said in western Canada, in my own constituency, when it was known that I had gone down to Washington, that I had been called there to apologize to Mr. McCarthy. It was rumoured around the district. I am simply going to say I have no apologies whatsoever to offer for my statements except for the slip in naming the company. On the other hand statements placed before the house by the Prime Minister, whether deliberate or not, were misleading, and misled me to the extent that I rose in this house on that occasion and expressed surprise, which I would not have otherwise done.

Mr. MACKENZIE KING: May I ask my hon. friend, during his conversation with Mr. McCarthy at Washington, and after that conversation, was he still of the opinion that there had been a deliberate intention on Mr. McCarthy's part to mislead in any aspect of this matter?

Mr. COLDWELL: I am always prepared to accept the word of a gentleman when it is given to me, but even when I do that, there sometimes remains a lingering doubt in my mind, and that lingering doubt remained because of the language that was used in connection with these answers.

I now leave that subject to come back to the Department of External Affairs. I listened with a great deal of interest to the statement made by the Prime Minister this morning. I regret that Canada has not received more recognition than she has received in the councils of the united nations in relation to some of the affairs in which we are vitally interested. This morning we had an example of it. The Prime Minister was speaking of the Bermuda conference. We received no invitation to attend that conference; and apparently, if I understood the Prime Minister aright, we have received no official report of that conference, although the Prime Minister this morning spoke at some length about recommendations. I was tempted—although I did not wish to interrupt him—to ask him how he knew of all these recommendations if we have not yet received an official report of that conference.

Mr. HANSON (York-Sunbury): They did not do anything.

Mr. COLDWELL: That may be true. I am not going to enumerate the other conferences to which Canada has not been accorded the representation to which our part in the war entitles us.

I was glad to hear the expressions of sympathy for the refugees in connection with the refugee problem, but I believe we might have initiated some conferences or made some attempts to solve this problem in a way which I might term more Christian. I know that many of these people who are refugees are Jews. Of course, they are not all Jews; there are a number of Gentiles among them. I remember also that two thousand years ago it was a Gentile country, Egypt, that gave refuge to a Jewish child whom to-day we honour as the founder of the great religion which most of us profess. Therefore I say, Jew or Gentile—I wish the hon. member for Wetaskiwin, every time the Jews are mentioned, would not interrupt with the hatred of the Jews which seems to fill his heart and soul.

Mr. JAQUES: Do you never make personal remarks?

Mr. COLDWELL: My hon. friend keeps muttering behind me, and sits two seats away.

Mr. JAQUES: You make plenty, too.

Mr. COLDWELL: I cannot go on with my speech—

The CHAIRMAN: Order.

Mr. JAQUES: You say plenty behind my back, too.

Mr. COLDWELL: I want to see this country, having regard to its interests, nevertheless do what it can to relieve the conditions of people who have suffered terror at the hands of Hitler. In saying that, may I also add that many of us have been filled with a good deal of misgiving at the trend of events in North Africa and elsewhere. We saw at the end of last year, after our men had made that splendid and successful attempt to invade North Africa, compromises made with people who throughout the last several years had been friendly with the nazi and fascist regimes, indeed had taken a prominent part in preventing the flight of the government of France to North Africa after the fall of France, and had cooperated loyally, if you can use that term in connection with them, with the nazi regime and with the government which was under its control. And even to-day people wonder if what was done in North Africa is a foretaste of what will be done in Europe, and if so to what extent our country has made or will make representations as one of the united nations against the kind of policy that was instituted in North Africa, may be instituted in Italy when we have invaded it, and may be instituted all across Europe when the nazis are destroyed.

I regard this war, particularly since the fall of France and the retreat from Dunkirk, not as an ordinary war, a war for territory—no; a war for commerce—no; a war for imperial power—no; but, if I may use the term strictly in its dictionary sense, as a part of a great revolutionary struggle that has been going on all over the world for some time, and which can only culminate in the setting up all over the world of democratic governments that are strictly responsible to and controlled by the people of the various countries of the world. Because I believe that, I wonder why it is that favour has been shown to persons who have not followed out policies in accord with the general trend of events.

We know, for example, it is said of General de Gaulle that he is a difficult man to get along with. Well, we do know, of course, that after the fall of France de Gaulle was the only French general of prominence who allied himself, and those who followed him, with our side. We know also that de Gaulle has become the symbol of the underground movement of resistance in France, and the symbol of that democratic power which the people of suffering France hope will emerge when the united nations are victorious. Consequently one finds it very difficult indeed to follow what has been done in North Africa and elsewhere with any degree of optimism for the future.

I am certain that the peoples who are suffering in Europe are not suffering because they wish to reestablish the kind of Europe that was known before this great catastrophe came upon the world. Therefore it is alarming to many people to see the support accorded, particularly by our great neighbour to the south, to persons such as those to whom I have just alluded. Even to-day, while we are glad to welcome General Giraud to North America, we wonder why some time ago General de Gaulle was not accorded a similar spontaneous and hearty invitation or welcome to this part of the world.

This morning I was glad to hear the hon. member for Vancouver South say that he thought the time had come when we should, if an opportunity offers, unite ourselves with the Pan-American Union. I think that would be a forward step. I agree with him, and I think all parties in the house recognize that Canada as a free and self-governing nation ought to and must remain in the closest possible cooperation with the British commonwealth of nations. We all agree with that; we have never disagreed with it. But it seems to me that our unity with the Pan-American Union would not in any way diminish our association with the British commonwealth of nations.

I know that there are difficulties in the way. I know, for example that in 1927, I believe it was, the state department of the United States issued certain instructions to the delegates from that country that they were to oppose the entry of Canada, because they did not want the influence of a European power. I think that that was due to an entire misapprehension regarding the status of Canada. And, in any event, since the statute of Westminster there should be no misunderstanding as to the status of this country.

Mr. HANSON (York-Sunbury): Would the hon. member indicate just how the statute of Westminster alters Canada's status? Is it not declaratory of what was set forth in the Balfour declaration?

Mr. COLDWELL: I did not say it altered our status. I said there should be no misunderstanding of our status. I think the statute of Westminster very clearly set out Canada's position as a self-governing nation within the British commonwealth of nations, equal in all respects to all other members of that British commonwealth of nations. And while it may have made no alteration in our status, it none the less emphasized and, probably in some quarters, clarified the situation, and removed any doubt as to what our status really was.

Mr. POULIOT: Just the preamble, and it means nothing.

Mr. COLDWELL: I have now the text of instructions from the Secretary of State of the United States to the United States delegation to the pan-American conference held in Havana in 1928. The state paper refers to the—

> —colonies, possessions or dominions, whose foreign relations are controlled by European states.

And it expresses a fear that if they were present they would not be free to follow out a common policy, but rather would have to follow out the policies of European states. It ends with these words:

> Should Canada be proposed as a member of the Pan-American Union, you will be guided by the oral instructions given by the Secretary of State to the delegates at its meeting at the Department of State on December 28, 1927.

It has been said authoritatively that those instructions were as I indicated a few moments ago.

Mr. Chairman, there are several other matters I should like to discuss, but I see it is now one o'clock, and I shall therefore resume my seat.

Mr. JAQUES: May I make one remark?

Mr. COLDWELL: I have not finished.

Mr. JAQUES: On a point of order, I wish to correct a statement attributed to me by the hon. member who has just taken his seat. The statement he made was that the founder of the Christian religion was a Jew. I have it on the authority of the present Dean of St. Paul's, who ought to know what he is talking about, I imagine, that there was not a drop of Jewish blood in his veins. That is all I said. I know that the hon. member for Rosetown-Biggar is very fond of playing to the gallery, for the benefit of the financial press.

Mr. COLDWELL: That is the funniest thing I have heard in a long time.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. COLDWELL: Mr. Chairman, in the few minutes that are left to me there are one or two matters with which I want to deal very briefly. There are so many topics that it is difficult to pick and choose between them in a discussion of external affairs. I do, however, wish to say that Canada should be considering very carefully future policy and our relations with the world at large in regard to that policy. We cannot live apart from other nations, and it seems to me that for a country like Canada the policy we should pursue is that of the greatest possible cooperation with countries with like aims and ideals to our own. There can be no security for a small nation apart from some form of collective security. We remain close to the British commonwealth of nations because to many of us this commonwealth of free self-governing nations is perhaps the promise of better things to come in the future of the world, when nations equal in status will be able to formulate policies in cooperation with one another for the establishment of international justice and the enforcement of international law and order, and in such a community of nations Canada should play its proper part.

This morning I was discussing matters in connection with one of our legations. In my opinion Canada ought to be represented as widely as possible in the capitals of the countries with which we are in the closest contact. I am glad that the government has adopted the policy of exchanging representatives with a good many nations. I should like to see that policy expanded. I know that there has been some discussion with the republic of Mexico. It seems to me that Mexico, as another north American nation, ought to be in contact with us in a regular and diplomatic manner.

Of those who represent us in such places I would like to say that the government should endeavour to establish within the Department of External Affairs a system of training and promotion of men most suitable to represent Canada abroad. I do not regard it as either wise or good that our representatives in foreign countries should have to be rich men. Of that kind of representation one is critical, and one should not be critical of a man representing Canada merely because he is rich. A qualification for the representation of Canada abroad ought not to be that a man has a large private income. Those of us who visited the legation in Washington the other day were quite well aware of the fact that it would be very difficult indeed for a civil servant on the salary and allowances we provide to keep up the almost palatial quarters that we have in the city of Washington. I am of the opinion that we should have modest quarters, where a man living on the salary and emoluments provided by the government of Canada would have sufficient to do what is expected of him as the representative of this nation abroad. I do think we should be represented in the capitals of countries with which we are in closest contact, both politically and commercially, and that of course applies particularly at the moment to the countries of South America.

There are other matters which I should like to discuss, but since my time has expired I do not propose to enter upon another topic which would require more than the few moments of discussion that I am able to give to it. Suffice it to say that I am firmly of the opinion that we in this house must take a much deeper interest in the international relationships of our country than we have done in the past. The events which led up to the great war were very largely events over which we had no control and with which we had no close contact, and step by step we found that a government whose policies we followed deserted principles of collective security to which we should have tried to adhere closely. Finally the world went up again in flames. It seems to me that it is the duty of representatives of the people in every parliament and every legislature in the world to consider

carefully the possibilities following the winning of this war, and that we should endeavour to lay the foundation of a new world order based on law and order and on peace preserved by the combined efforts of all the nations which agree to a system of collective security.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Chairman, with the closing remarks of the speaker who has immediately preceded me I think everyone in the house and in the country and perhaps in the world at large will be wholly in accord. It is so easy to speak about beautiful things that all people desire, but so difficult to make it clear how those beautiful things are to be achieved. It is easy enough to speak of collective security, for example, but when it comes to deciding with whom you are going to collect, and upon what basis you are going to collect, the problem is not nearly so simple. I surely agree, as I have already indicated, with the closing words of the previous speaker, but I am not sure that he and I would agree very much further, especially when the question arose as to how we proposed to achieve the objects we all desire.

May I turn now for a moment to a consideration of the Prime Minister's speech. The Prime Minister, I believe, is the most successful man on the earth, so far as I know, in saying beautiful things that have no meaning at all. I think everyone agrees with everything the man says. But nobody ever knows just what he means by what he says. His speech to-day was no exception. At every point where it became necessary to know just what he had in mind, his thoughts were veiled behind beautiful tapestries which hid his real thoughts from us.

I shall endeavour to be specific. Probably I am sometimes a bit too specific, because I find nearly everyone disagreeing with me. That tends to occur when one is specific and says exactly what he means.

I am going to deal with foreign affairs under three main headings; for one has to narrow the compass of his thoughts in order to get anywhere. I shall deal first with the question of international relations as the members of our party look upon international relations. We believe that primarily the first and most important thing for any nation to do is to set its own house in order, and we insist that our nation shall be left free and untrammelled from external restrictions either by contract or by implication of contract, to exercise her complete sovereignty in putting her house in order. Our greatest anxiety as we face the future and listen to the beautiful outbursts of our Prime Minister and a good many other statesmen to-day is that they are not really cognizant of all the powers which this country needs to retain in order to be able to set her own house in order. We believe that if the purchasing power within the country of Canada is raised to the right level, and that if we have fair prices so that we can have plenty for all; if we can have a rich and varied industrial development which will enable us to produce to the highest degree the needs of Canada, we shall be on our way to putting our own house in order; and that unless we have all these things we shall not be on our way to putting our own house in order. We believe too that if we provide as far as possible for our own needs, thereby avoiding the obligation of trading unnecessarily, we shall place our feet on the solid rock of substantial reality which will enable us to stand against the storms of time.

Beyond producing our own needs in Canada it will be essential that we develop our resources to a degree which will enable us to help our neighbours to obtain their needs. If I may cite as an example one of the nations with whom we are at war, all hon. members realize that Japan is not bountifully endowed by nature as is Canada. I think we realized that when we granted Japan special privileges in our fishing waters. When the war is over and we shall have beaten Japan to her knees, and further than that, the problem will arise, how are we going to build up a world in which the Japanese not yet born will be able to live and have as good a chance as the Canadians who are not yet born? We must face that problem fairly and squarely; if we do not, we shall betray the responsibilities which rest inevitably upon us in the position of trust in which our fellow countrymen have placed us.

Canadian production should make allowance not only for supplying Canada with all she needs, but for supplying Japan, and other nations less bountifully and fortunately endowed than we, with a certain amount of what they need in order that their standard of living may be what it ought to be in a world of abundance, a world as happy as ours should be if only we learned how to manage it.

Up to the present time practically everyone in Canada and the United States, and in fact all these united nations which are working together, has thought only of producing goods which he hoped to sell to somebody else, regardless of whether the somebody else wanted the goods, regardless of whether the sale would injure some other nation. We must change our outlook entirely with respect

to this matter. Our aim must not be to produce the goods which we think we can crowd into other people's markets to their advantage or not, to the disadvantage of other nations or not; we must produce the goods which other nations need and which they will request from us. This is an extremely important matter. If we produce goods to obtrude them into the world's markets, we shall be encouraging an international trade competition which will result in trade rivalry, which will lead to trade war, which will bring about military war as sure as we are all sitting here in this house, just as it resulted in the war in which we are now engaged. For one of the major causes of war is commercial rivalry, trade war. If we are wise we shall build for a future in which trade wars will be unnecessary. True, that will require the application of a number of principles with which very few people in this house and in this country are familiar. There will have to be a new order established, and perforce new principles must underlie that new order.

So that the members of my party take the stand, first of all, that Canada must show the world, by putting her own house in order, that a people with the economic security and democratic freedom which our people can be brought to enjoy will not covet their neighbour's possessions, that they will be happy, not disposed to risk war, not disposed to prepare for war.

Much has been said of the fact that the United States and Canada have lived together over a hundred years without having any fortifications along their border. Not much is said of the fact that neither one of these nations needed anything the other nation had. In other words, the cause of war between the two nations had been in large measure removed. It might not have resulted so happily had conditions been otherwise. We believe that if we can enable nations like Germany after the war to have, first, security, and afterwards, a democratic freedom, they will not study war nor the making of war. We believe that Canada can be made to show, by setting her own house in order, that that is possible, and we believe that in order to enable Germany to be secure, too, there are several principles of international relations which should apply.

Canada should encourage trade with other countries of a reciprocal and mutually acceptable basis, avoiding cut-throat competition for foreign markets, which results in bitter commercial rivalry. As I said a minute ago, how to do that is the problem. May I say here that the Prime Minister has not indicated in the slightest degree that he knows anything at all about how to do that, and I will challenge any hon. member on the Liberal side to indicate where the Prime Minister has shown that he knows how to do it. The coast is free; hon. members can rise and speak after I have finished.

In addition, Social Crediters advocate the principle that we exercise and maintain unimpaired, as a member of the British commonwealth, our sovereign authority to order our own affairs in accordance with the will of our people.

May I refer to one thing that was tabled in the house not very long ago. I do so to illustrate how that sovereign power could be destroyed without our realizing it. I refer to the little pamphlet which every member has received, "International Stabilization of Currencies." I have been told that Canada has submitted a plan of her own, or at least she is preparing a plan of her own for submission, which, I take it, indicates that Canada is not satisfied with either of the plans advanced in this pamphlet, namely the Keynes plan and the Morgenthau plan. If Canada has rejected these two plans and has a plan of her own, I say that is an exceedingly complimentary thing to the dominion. For these two plans are pernicious in a high degree.

Mr. HANSON (York-Sunbury): Where has the hon. gentleman heard that Canada has submitted a plan? That is news to most of us.

Mr. BLACKMORE: I have just heard that. If I am wrong, the Prime Minister will set me right.

Mr. HANSON (York-Sunbury): I am interested to know.

Mr. BLACKMORE: I too am interested to know and possibly the Prime Minister will tell us whether Canada is preparing to accept either of the plans to which I have referred. If so, then Canada is preparing to yield her sovereignty in a way which will prevent her from ever setting her own house in order. Let me read three or four statements from the Morgenthau plan, and I ask hon. members to weigh the significance of these statements. Every member has a copy of the pamphlet and, I trust, has read it with care. I quote from Division VI:

Each member country of the Fund—

Which would be the name of the supranational government to which we would subscribe.

Each member country of the Fund undertakes the following:

I go down the list and read 3C, and I commend it to every hon. member of this house:

Such other measures as the Fund shall recommend—

Perhaps I should read No. 1 in order to show how that passage fits in:

To maintain by appropriate action exchange rates established by the Fund on the currencies of other countries and not to alter exchange rates except with the consent of the Fund and only to the extent and in the direction approved by the Fund. Exchange rates of member countries may be permitted to fluctuate within a specified range fixed by the Fund.

There is a great deal more in that than appears on the surface. And now 3C:

Such other measures as the Fund shall recommend—

In other words, if the Fund saw fit to recommend that Canada completely dismantle her beet sugar industry, Canada would do it. If the Fund saw fit to recommend that Canada should go out of the sheep business entirely, Canada would humbly do it. Let me read 5:

To give consideration to the views of the Fund on any existing or proposed monetary or economic policy the effect of which would be to bring about sooner or later serious disequilibrium in the balance of payments of other countries.

If Canada had signed an agreement like that, in vain would the hon. member for Davenport make that excellent suggestion of his with respect to using the waters of the Saskatchewan river in order to bless the whole of the dried area of central Canada, because the Fund could prevent that being done on the plea that it would upset the economy of Canada. Again, take No. 7:

To adopt appropriate legislation or decrees to carry out its undertakings to the Fund and to facilitate the activities of the Fund.

I mention this in passing to indicate the sort of thing to which Canada might blindly commit herself if she accepted the proposals of many of these planners who are having so much to say and to do in connection with the building up of the new order which is to be. Social Crediters are unalterably opposed to committing Canada to any such proposal, which would interfere with the ability of this country to put her own house in order and to govern herself.

Another principle which we advocate with respect to international relations is this: to maintain our armed forces at a strength adequate for national defence under the sovereign control of the people of Canada, and in no circumstances to surrender such control to any external authority. Far be it from us to accept the principle of any international police force, the activities of which might be

governed by a Sir Montagu Norman or a Sir Otto Neimeyer, or a Mr. McKitrick, of the United States, or any junta of men meeting at Basel, Switzerland. We advocate that Canada maintain control of her own forces and keep them at a sufficient degree of efficiency to enable her to discharge her responsibilities in the world to come.

Another principle we advocate is this: To recognize the sovereign integrity of all other nations and to exercise scrupulous care not to interfere in the internal affairs of any other country.

Again, we believe that Canada should abolish all unnecessary barriers to trade and to travel, and that Canada should make available to the nations whose domestic needs require them, on reasonable and mutually agreeable conditions, the raw materials of which Canada has an abundance. Let me recall the importance of considering Japan in this connection. Just now, I know, our feelings towards Japan are heated, but the day will come when the world will be at peace and we must look upon Japan not as an enemy but as a friend, and look sympathetically upon the plight with which she is faced, with 77,000,000 people in the area, small and restricted as well as unproductive, in which Providence has placed her.

Further, we advocate that we strive consistently with other nations for the establishment of good-will among the peoples of the world. It is utterly impossible to establish good-will among the peoples of the world while our nation has a high standard of living and other nations are unable to procure the necessities of life; while the Japanese, for instance, are working at a low standard of living, as are the Hindus and the Indian people, and Canada at the high standard of living which is possible for us. It will be utterly impossible to have international goodwill under such circumstances.

May I say a word with regard to foreign trade. Our trade relations with other countries should be based upon the reciprocal and mutually agreeable exchange of surplus goods and surplus services. In bringing into being this policy we should observe certain financial principles. I will lay down these principles. We have no use for any such schemes as the two to which I have referred, which are pernicious from beginning to end and are designed to enslave mankind. On the contrary, we favour these principles: First, that there shall be a complete abandonment of the so-called gold standard or any gold basis for the control of the national economy. Gold has enslaved mankind for thousands of

years, and gold will always enslave mankind wherever it may be used as the basis for currency. Second, that the home market shall be provided with sufficient purchasing power to buy the goods offered for sale at economic prices. This principle has never yet been applied in the history of the world, never once, and it has never been dreamed of in the Dominion of Canada. I doubt if the Prime Minister conceives of it to-day.

Mr. MACKENZIE KING: Where does my hon. friend get it if it has never been dreamed of?

Mr. BLACKMORE: My right hon. friend's hon. friend happens to be a Social Crediter and happens to understand the proposals of social credit. Social credit is based upon the distribution of purchasing power in a country to a sufficient degree to enable the people to purchase the goods which they produce. That is the fundamental basis of social credit, and how to do that is the chief technique with which Social Crediters occupy themselves. So perhaps the Prime Minister will realize how his hon. friend comes to know about this. The knowledge is free, and all the Prime Minister has to do is to invite his hon. friend in and he will get an explanation which will satisfy him.

The third financial principle upon which we base our ideas of foreign trade is that the exchange rate of the Canadian dollar with any other unit of currency shall be established, by mutual agreement if possible, on the basis of the internal dollar price level in Canada as compared with the corresponding price level in the other country. I submit that that is just diametrically the opposite to what is contained in these two international stabilization currency proposals. One is strictly autocratic, the other is strictly democratic. The one requires the cooperation of all the nations of the world, including Greenland, Iceland, Montenegro and Timbuktu, whether you can get them to work together or not. Our proposal can be brought into effect in Canada alone.

Another principle is that gambling in exchange shall be rigidly prohibited. If these five principles are applied to our foreign trade they will change the whole outlook of Canada in her trade with other nations and of the other nations in their trade relations with Canada. I am not going to take the time at the present moment to elaborate on the meaning of these details, but I should be pleased to do so on another occasion.

May I turn now to the question of immigration. We must face the facts with respect to immigration. I shall now make no pronouncement on the vexatious question, for example, of admitting or not admitting more Jews into the country—I have my own ideas on that—or on the matter of admitting or not admitting more Japanese, or more Chinese or more Indians. There is a basis upon which peoples from each of these countries can be dealt with and ought to be dealt with. If that basis is used there will be no further bitterness among the peoples of the world by reason of the restrictions which the more favoured nations like Canada and Australia and the United States feel obliged to place upon the entrance of nationals like the Indians and Japanese. I will not lay down that basis to-day, but I shall deal with another aspect of the immigration question.

The federal government should call a joint conference of the provincial governments to agree upon and lay down a definite immigration policy in connection with which full consideration shall be given to the following points. First, that a proper standard of physical and moral and mental health be required before any person is admitted to the country as a settler. Second, that a suitable period of probation be provided in order that an immigrant can get acquainted with our customs, learn to speak our national language, and qualify to take his place in the life of the country, before being granted the real rights and assuming the responsibilities of citizenship. It will be argued that to a large degree these two principles are in operation now. I will grant that, but they are not in operation to the degree that they ought to be.

The third principle is that full responsibility for the economic stability of all settlers shall be assumed by the federal government for a period of ten years after their naturalization. I should like to point out one important thing. In years past—I will not say that this was under the regime of the Prime Minister—the federal government has been reckless in the matter of admitting settlers into the semi-barren parts of the three prairie provinces, what is known as the Palliser shield. As soon as these immigrants were settled, they became the responsibility of the provinces. It was easy enough for Ottawa to admit a problem which no provincial government could possibly solve. It was easy enough for them to lay this problem on the doorsteps of the provinces, and from then on wrangle and continue to wrangle to the end of history with the provinces as to who should contribute to the support of these people. If the principle I have just indicated were applied, it would overcome in a large

measure the inequalities which have developed because of the shortsighted immigration policy of the dominion government in the past.

The fourth principle is that each province shall be given a voice in the allocation of the settlers within its boundaries. I am not making a pronouncement one way or another on the question I now mention, but in my province we have a problem created by the Hutterites. Assume that a Hutterite colony came in and settled near Ottawa, in the outskirts. They would continue to increase, they would buy up additional pieces of land, and in due time there would be a ring of Hutterite colonies around Ottawa. The Ontario government would be helpless to deal with the problem, because to-day this is a dominion matter. Every law that Ontario might pass to deal with the question would be disallowed by Ottawa, just as the Prime Minister took action recently to disallow a law which Alberta passed in an endeavour to deal with the Hutterite situation. What would be the result if this were allowed to go on for two hundred years? What freedom, justice and liberty would there be in the province of Ontario? It was easy for the dominion government to make an agreement with the Hutterites and then leave the provinces to take the rap. The provinces are still taking the rap, and the dominion is just doing nothing about it. The application of my fourth principle would overcome this problem. It would make the dominion a little more cautious about what kind of agreement it entered into.

The fifth principle is that a proper standard of living shall be assured the present population of Canada before allowing an influx of immigrants who have no assets or visible means of support. There will arise in the minds of many the question: what is the use of admitting more immigrants into Canada when we are unable to give employment to the people who are already here? It may be proposed that we shall admit only those who can contribute to our production, of shoes, for example—I understand that certain Czechs came in to manufacture shoes. Now another question immediately arises in the minds of every fact-facing man. What are we going to do about the shoes we are at present producing and which will be displaced by the production of those Czechs? Where are we going to sell the goods? No matter from what angle we view this question of immigration, we find cause for anxiety and concern.

May I raise four questions of criticism of the Prime Minister's efforts before I sit down? There are great problems to be solved. I began to talk about these problems last night when I discussed inflation. I know I make myself annoying to many members of the House of Commons when I begin to discuss money matters; but I know positively as a responsible member of this House of Commons, understanding the money question, that it is my duty to discuss monetary matters before my fellow members, just as in 1936, 1937 and 1938 it was my duty to discuss the question of beet sugar in this country. I discussed beet sugar with very little respect from the Liberal side, but on that question I was right and they were wrong. It is possible that history may repeat itself this time with respect to money. Again, I shall probably be found right, my critics wrong. From time to time therefore I propose to raise these questions of the way in which to attain freedom from want and fear.

What is the use of having our prime ministers and presidents meet out on the Atlantic and plan a united nations Atlantic charter if we have no way in the world by which the charter's proposals can be implemented, if we have nothing to suggest to overcome what for many years has proved to be deficient? We simply must find a method of doing things in a new way.

I am going to point out the things which I find deficient in the Prime Minister's speech. He did not show us how to carry on trade without trade wars, which means, so far as he knows or has suggested to this country, the minute this war is over we shall begin trade wars again and be sowing the seeds of another war. Inevitably we ourselves will be contributing to the cause of the next war and will blame everybody else but ourselves, just as in this war, after we had abundantly caused the war we blamed Hitler because he started it.

Again the Prime Minister has not shown that he knows anything at all about how to increase home markets or how to increase home consumption—that is, to increase the purchasing power within Canada and to raise the standard of living of the Canadian people without incurring more debt or resorting to more taxation. If he did indicate any such knowledge in any of the speeches that he has delivered since the outbreak of the war, I shall be very thankful to have someone point out the time and place so that I may refer to it.

The Prime Minister did not tell how to build up international cooperation without such loss of sovereignty as will impair Canada's ability to manage her own household. May I repeat that if the new order which is to be established, if the new international cooperation, involves anything like the international currency stabilization proposal, then it will destroy all possibility of achieving the object for which it is designed. It is supposed to

increase the prosperity of the world; it will decrease the prosperity of the world and render world conditions utterly hopeless. The Prime Minister has not shown how any such evil result can be avoided. He speaks of international cooperation. Finally the Prime Minister has not shown how to maintain adequate fighting forces—probably this is a bit premature—in Canada and in the British empire to put the empire and this country on a permanent basis of security.

Surely every hon. member of this committee must find his heart filled with misgiving when he looks back into the past and remembers that in 1920 and 1921 the British empire was unchallengeably supreme, and when he reflects that if the British peoples had maintained their military strength to a standard comparable with that maintained in 1920 and 1921 there never could have been a Hitler world without end, and there never could have been any attack on Ethiopia world without end. Yet what happened in the Dominion of Canada? What happened in Britain? The superb navy was in large measure dismantled; the splendid fighting forces were allowed to fall into disuse. What happened in Canada? I hope I shall not offend the Progressive Conservatives over much when I recall to them that it was under the administration of the Right Hon. R. B. Bennett that the nails were driven into the coffin of the fighting forces of Canada. What was the reason? We could not afford it; we could not afford to maintain soldiers and airmen. In the light of what has happened since, what ridiculous nonsense!

If the Progressive Conservatives were to gain power after this war, have they indicated by any remarks they have made that they would know any better than to do that same foolhardy thing over again? Have they, by one single word? Has the Prime Minister indicated that he knows how the enormous sums of money can be raised with which to maintain a fighting force comparable to that in which we rejoice at the present time, and which soon will make us supreme in the military affairs of the world? It ought to be possible to maintain a fighting force which will render us secure. I do not wish to disagree unduly with the hon. member for Rosetown-Biggar, but I should like to point out—

The CHAIRMAN: Order. I wish to inform the hon. member that he has spoken for forty minutes.

Mr. A. W. NEILL (Comox-Alberni): Mr. Chairman, in rising to take part in this discussion I do not do so with any desire to place added criticism on the shoulders of the man who is carrying what has been truly called the awful burden of attending to the affairs of Canada in this crisis; but it is usually the custom to take advantage of this item to discuss the relationship of Canada with foreign nations, and I wish to exercise that privilege now.

British Columbia is waiting very anxiously for the words that may fall from the Prime Minister (Mr. Mackenzie King) to-day, waiting for a lead, waiting for a declaration of policy on a matter about which they are exceedingly bitter. I have lived there for forty-seven years and I have never seen British Columbia so strongly united on one subject and at the same time so bitter about it; therefore I think this is a proper time to ask the Prime Minister what his policy will be, first as regards the Japanese who are now in Canada and second, those who are now in Japan. We had a discussion a few days ago about it, therefore I need not rehash what was said then. However, I am going to take up a little time to explain the case at least to eastern members who are not so well informed and who have come into the house only comparatively recently.

Away back some fifty years ago, when oriental immigration first began, British Columbia became annoyed about the class and numbers of immigrants that were coming from China at that time. They were of a coolie type, and they were dangerous to our economic well-being. Pressure was brought to bear on the government and they put a tax of $50 on every Chinaman who came into the country. Well, that did not do any good, and they raised it to $100 and later on to $500, and still it was ineffective for this reason. The Chinaman mortgaged his soul and everything else he possessed to some Chinese financial company which put up the $500, and the wretched immigrant was simply a peon to that company for many years, until he had paid it back. The Japanese were dealt with by some form of gentleman's agreement. We have had several versions of it which usually worked well for a little while, until the wily oriental discovered a way of evading them.

I shall now deal with the Chinese. Along about 1923 the government passed legislation excluding entirely all Chinese immigrants, or practically all. Of course members of the diplomatic corps, and a few persons of that type, were allowed in. But to all intents and purposes the Chinese—the labouring class and every other class—were prohibited from settling in this country. It has worked. I pressed the government very much at that

time—I begged them—to apply the same treatment to all orientals, to use the word "orientals" rather than "Chinese". However the government did not do it. Along about 1928 or 1929 the government amended the gentleman's agreement, so far as the Japanese were concerned, to make it more effective. And yet sooner or later the Japanese found a way of shooting holes in it.

I never let up in my efforts, and along about 1938, after I had been watching all the time, trying to press this thing, because I knew how deeply it concerned the people of my province, and eighteen months before the war, I thought I saw a chance when conditions were more favourable, and as a result I brought in bill No. 11, which placed the Japanese in exactly the same position as the Chinese are. In that bill I simply used the word "oriental" instead of the word "Chinese". This was exactly the same type of bill that had been passed fifteen years earlier in regard to the Chinese. The government voted it down, saying that it would be displeasing to the Japanese, and that they did not wish to have any possibility of trouble with the imperial government.

I then introduced bill No. 38, which was entirely different. It provided an educational test, and was designed to keep out orientals. It followed largely the form of the measure recommended by the Right Hon. Joseph Chamberlain, about which the hon. member for Vancouver South spoke the other day. Mr. Chamberlain strongly urged Canada to adopt the Natal act. It was almost word for word with that act, an act which has kept the orientals out of New Zealand and Australia, and I believe South Africa, for thirty years. The government opposed it on a technicality and the bill was thrown out. Later however I had a chance to reintroduce it. It then became bill No. 112, with the technicality taken care of. This second bill forbade the immigration of anyone—it did not refer to Japanese, Chinese or any others specifically—who could not pass a reading test in the French, English or some language or dialect to be found in Europe. This excluded about seventy-five per cent of the world's population, so that it could not be said that it was aimed at excluding only Japanese. And it would have had the effect of carrying out all the principles of the Natal act. This was opposed by the government.

At this point I should like to quote a few remarks I made on that occasion. The government had declared their intention of defeating this bill also, but without giving any reasons against it—because the reasons alleged against the earlier bill were non-existent so far as this one was concerned. It was not directed against Chinese or Japanese particularly, but affected about seventy-five per cent of the world's population. This is what I said as reported at page 3410 of *Hansard*, 1938:

Is it because the government get political hysterics every time the name of Japan is mentioned? We dare not deal with the strictly domestic matter of our own immigration for fear—and fear is an ugly word, Mr. Speaker—that an alien heathen nation, that has no claim whatever to a grievance, might not like it, a nation whose best claim to fame at the present moment is the fact that it is raping and ravaging a friendly nation whose territory it swore a few short years ago to protect and maintain.

Now, this thing is cumulative. Where is it going to stop? If we yield five per cent of our rights to-day for the sake of peace, six months hence we shall be required to surrender ten per cent, and a year afterwards they will want fifty per cent. Other nations will imitate this policy, and we shall lose their respect.

How did we get their respect? We became a nation, not by the Statute of Westminster alone that we hear so much about, but through the blood and treasure we spent in France to prevent Canada from becoming a German colony. The Statute of Westminster did something. It gave us power to make our own treaties. A lot of good that did us. If we set our feet on the fatal, bitter path I have outlined, soon we shall not be allowed to make our own treaties; we shall not even be allowed to make our own pyjamas, because Japan will discover that she can make them cheaper because of her low standard of living, and sell them cheaper in Toronto than the cost of the raw material. If that is to be our policy, we had better tear up the Statute of Westminster and crawl back as a colony under the overburdened protection of the British nation. At least we would be safe there; yes, cheaply safe, would we not? Britain would give it to us, give it to us to the last exhaustion of her strained powers, and she would not worry and fuss because every now and again we debate whether we would be at war when she is at war. But what a humiliation it would be for us as a nation and as individuals! . . .

And further on I said this:

To-night we are at the forks of the road. We can say to Japan: "We have not passed this bill because we thought you might not like it. We have not exactly cut loose from Britain, but we have indicated that there is no obligation, that there are no commitments if she is in trouble and to that extent we have weakened her in the eyes of the world; you have our sympathy; we hope you will not be too hard on us." Shall we take that degrading and humiliating position, or shall we say to Japan and to the world, "When Britain is in trouble we are in trouble; when Britain is at war we are at war, and when Britain is at war while we cannot bind future parliaments as to the amount of participation, any more than the British parliament is bound, we will do our part; we are solidly behind Great Britain economically, financially and in every other way to the best of our ability." Then, let us say to Japan, "We are determined to run and

control our own domestic affairs, of which immigration is one, and another is to decide whether people can be deported or not. That is another privilege and we are going to use it. We are solidly behind the British nation, and the British nation is solidly behind us." That would be the end of it. That would be a policy of courage, a policy of dignity and self-respect, both for us and from the other nations, and one that would make for the preservation of peace, a bold policy which would put us in standing and reputation with all the nations of the world. Whether we take the short vision of the immediate future or the long vision down the vista of time, it would be a policy that would immediately and ultimately work for the benefit of British Columbia, of Canada and of the British empire in which we are all concerned. I think the first step towards the announcement and the initiation of such a policy would be for us to pass this bill which is before us to-night.

Remember, that was eighteen months before the war. How prophetically true some of it is to-day. It was opposed by the government, and defeated by a somewhat smaller majority —much smaller—than usual.

I pause here to wonder. I wonder if when the Japanese government decided to go to war they were at all influenced by what took place that night in the House of Commons in 1938. No sane person in Canada, no Canadian, doubted that we would line up as we have lined up. But the oriental mind is not the occidental mind. When they read these repeated utterances with respect to our making no commitments, when they realized how quickly and urgently we had acted at the time of the last war but were now making no commitments, and actually voting down the bill I have mentioned—one which did not apply directly to the Japanese, but applied to seventy-five per cent of the world's population—they, in their oriental minds might have thought—and, of course, wrongly—that we as a nation were unwilling to displease the Japanese, and that we might possibly stay neutral, or have a neutral attitude in the event of a war. A firm stand then on our part would at least not have been open to any misconception in the oriental mind.

But, be that as it may, my thought in speaking now is to urge that we face the situation as it is. What we want now—and I know I speak for the people of British Columbia—is to know whether the government is now prepared to pass a bill for the exclusion of the Japanese—to prevent any further immigration. Is the government also prepared to insist at the peace conference that the Japanese in Canada will be repatriated? I would ask the Prime Minister, if he favours us with a reply, not to pass this issue off by saying, "Our first business is to win the war; it will be time enough to discuss other matters afterwards." No, it will be too late then, because repatriation will have to be one of the terms of peace, because, once peace is declared, a British subject could not be deported. But it can be done through the terms of peace. We are only asking for an announcement of the policy of the Prime Minister and his government in days to come—we are not asking him to do something which would embarrass him in his relations with other nations at the moment, but that he will prohibit the Japanese from entering Canada hereafter. We ask also for an assurance that at the peace conference—we know he cannot do everything he likes, but we do know the great influence he must possess there on account of the part that Canada has played in this war—he will use that great influence in favour of repatriation of the Japs. So the two things we ask now are that he gives us the assurance that he will prohibit Japanese immigration into Canada for all time, and use his influence at the peace conference for the repatriation of all persons of Japanese origin.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Chairman, I do not want to interrupt the committee's proceedings but I rise to a question of privilege. I have deferred bringing it up before because I wanted to get some dates that I have now received, and regarding which I should like to make a statement.

I refer hon. members to the statement made by the hon. member for York-Sunbury last night as it appears in *Hansard* at page 4533. After the Minister of Labour had spoken the hon. member said:

> Mr. Hanson (York-Sunbury): I have only to observe that that was not the case with respect to the government's man-power policy in the early stages.

The Minister of Labour had said that if any statement of policy were to be made he would make it in the house. Then the hon. member for York-Sunbury goes on:

> Who laid down the policy for the Department of National Defence after the mobilization act was passed? Who was the government's spokesman before the Canadian club at Ottawa but the chief of general staff of this country when the minister did not have the guts to get up and do it himself.

The hon. member refers to the policy with regard to the thirty-day training programme which was put into force in 1940, and the implication, and not only the implication but the statement is there, that the minister had not the courage to make an announcement in the house with regard to that policy but left it to the chief of the general staff to make the announcement. I have looked up the facts

and the dates, and if the hon. member had been sticking to the facts he would have said that on July 29, 1940, three months before the chief of the general staff spoke on the subject, I made a very full statement in the house with regard to the government's defence programme in which I dealt particularly with the thirty-day training policy. I do not propose to trouble the committee by reading that statement of mine with regard to the thirty-day training plan. It appears in *Hansard* of July 29, 1940, at pages 2094 and 2096.

In order to ascertain whether there could have been any doubt in the public mind about the minister having made such a statement I looked at the newspapers and I found that the Montreal *Gazette* of July 30, 1940, nearly three months before the chief of the general staff spoke to the Canadian club, carried this headline right across the front page:

> Drafted militia to start training October 1 —Will call 30,000 monthly for thirty days of army drill under new defence policy.

On the same page of the *Gazette* appears a summary by the Canadian Press in which this paragraph appears:

> Compulsory training of men called starts October 1 with 30,000 a month called and trained thereafter.

I might add that on September 13, 1940, over a month before the chief of the general staff made his speech to the Canadian club, the proclamation with respect to the thirty-days training was issued and appeared in the papers of this country on September 19, 1940. Further, in order that it may be understood that the public was thoroughly acquainted with the thirty-days training policy which I as the minister principally concerned had announced in the house on July 29, the first camp was held on October 9, 1940, two weeks before the chief of the general staff made his speech to the Canadian club.

With these facts before him, Mr. Chairman, one can hardly understand a member of this house, and particularly a member of the legal profession, who ought to be careful in regard to the facts when making a statement, making the statement which the hon. member for York-Sunbury did last night, indicating that the chief of the general staff had to make this announcement on behalf of the minister because the minister did not have the guts to make the announcement himself.

I want to add that General Crerar was not the spokesman for the government. This matter has been brought up twice before by my hon. friend and on the last occasion he had the propriety to withdraw the statement which he had made to the effect that the chief of the general staff was put up by the government to introduce the subject of thirty-days training. The hon. member withdrew that statement and his withdrawal appears at page 1556 of *Hansard* of March 14, 1941.

All I can say, Mr. Chairman, is that on both counts my hon. friend's statement is incorrect and without any foundation whatever. I do not want to lengthen the discussion or add to the acidity of the remarks my hon. friend has made, but I do want to say that at least in my humble opinion my hon. friend is entirely too prone to make on the spur of the moment interjections which are not in line with facts. I want to say further that we might expect better of my hon. friend in that respect as a member of my own profession. To make a statement regarding a member which is wholly unfounded in fact is bad enough, but to make it in the language which my hon. friend used, which was both crude and offensive, is an offence against the rules of debate, and I ask my hon. friend to withdraw the statement in its entirety. I leave it to him to make any amends he thinks are appropriate under the circumstances, having regard to the relations that exist between members of this house.

Mr. HANSON (York-Sunbury): Mr. Chairman, I have this to observe, that when I made the statement I made last night in response to the statement of the Minister of Labour that when any government policy was to be announced the announcement would be made in the house, I had in mind that on very many occasions government policy was not announced in parliament but was announced through the medium of the radio, press releases and the like, and I thought that was improper. The chief offence that I have committed, if one is to characterize it as an offence, is the use of a good old Anglo-Saxon word "guts".

Mr. RALSTON: Not by any means.

Mr. HANSON (York-Sunbury): If that has wounded the susceptibilities of the Minister of National Defence I will substitute for it the words "intestinal fortitude", which may be a little more palatable. But I adhere in general to the observations I have made in this house on more than one occasion that government policy has more often been announced outside this house than inside.

Mr. LITTLE: Not on that occasion.

Mr. HANSON (York-Sunbury): I am not concerned with that particular occasion. I am deprecating the practice which has grown up ever since the war started of announcing government policy outside the house and enunciated outside this house by men who are not responsible to parliament.

Mr. RALSTON: I rise to a point of order, Mr. Chairman. I have cited two specific instances in which the hon. member for York-Sunbury has made a statement regarding myself which is contrary to the facts. I have also quoted the offensive word which my hon. friend has used, contrary to the rules of debate. I submit this is not the time for my hon. friend to be making a general statement, going all around the subject. I ask him either as a man or as a member, and I believe he is both, to withdraw his statement or else take the consequences. I ask him to abide by the ruling of the Chair. I should have expected my hon. friend, when faced with the statement I have just made to the effect that I had announced the thirty-day training plan in this house three months before the chief of the general staff made his speech to the Canadian club, to say, "I was wrong and I withdraw". I suggest also that he might have been expected to withdraw the word he used which was offensive. By the way, Mr. Chairman, this is the same gentleman who objected to my using the word "gibe" with reference to something he had said, and which I readily withdrew. I say to my hon. friend and to you, Mr. Chairman, that we are now engaged with only one matter, and that is the question of privilege with regard to myself. I ask that the hon. gentleman withdraw.

Mr. HANSON (York-Sunbury): I do not know, Mr. Chairman, that in a matter of this kind the hon. gentleman can ask me to withdraw. He can state his position and the matter ends there.

Mr. RALSTON: Not at all.

Mr. HANSON (York-Sunbury): If the chairman rules that I must withdraw I will withdraw, but on the general principle of the policy which I was attacking, that the government's policy has never on any occasion been announced in this house, but outside the house and by irresponsible officers of the government, I do not withdraw.

Mr. RALSTON: My hon. friend did not even mention anything with regard to general principle. He made the statement concerning myself that I had not the guts to stand up and announce a policy in the house, but that I left it to the chief of the general staff. I have stated that, three months before the chief of the general staff made his address, I announced this policy in the house, and I have shown that it had received attention in the press of the country. I ask my hon. friend, who is an old parliamentarian, if he withdraws that statement or not. Surely anyone knowing the practice of this house should not get up and talk all around the point, the way the hon. member has.

Mr. HANSON (York-Sunbury): If the minister says that on the express item under discussion I am in error, and he has *Hansard* there to prove it, I will withdraw the remark, but I do not withdraw the charge which underlies the statement I made, that, as a matter of general policy, this government has more often erred in announcing government policy outside the house when parliament was not in session than when it was in session. And that is what the Minister of Labour was endeavouring to say, that he has always laid down matters of policy—

Mr. RALSTON: I am not interested in the Minister of Labour on this point.

Mr. HANSON (York-Sunbury): Mr. Chairman, I think I should have some rights in this discussion.

Mr. RALSTON: The hon. member must confine himself to the point. My hon. friend had it his own way last night when he got up and made a statement when I was not here. I say as a lawyer he is faced with the facts. I have referred to *Hansard* and given him the reference, and I have read him the newspaper report with regard to the matter. I should think he would have shown greater courtesy and compliance with the rules of debate had he withdrawn at once the offensive statement he made.

Mr. POULIOT: Mr. Chairman—

Mr. RALSTON: I am speaking to a point of order.

Mr. POULIOT: On the point of order, I submit respectfully that the only words which an hon. member must withdraw are words which are unparliamentary.

An hon. MEMBER: False statements.

Mr. POULIOT: And I submit, Mr. Chairman, what you have to decide is whether or not the language used by the hon. member for York-Sunbury was parliamentary. If it was parliamentary, he has not to withdraw it, and if it was unparliamentary, he must withdraw it. I will tell you the reason, and it is obvious. When an hon. member makes a statement about a thing which has been done by another hon. member, when it is not a thing which is against the laws of the country, and when the other hon. member rises and denies it, it is up to us to make our choice between what has been said by either member. The statement is there and the denial is there. Well, what have you to decide? We assume,

sir, that when an hon. member makes a remark which is not unparliamentary about another hon. member and the latter rises in his seat to contradict him and deny what has been said, the incident must be closed. If I say this, it is because I suffered so much at the hands of a previous Speaker and a previous chairman of the committee of the whole that I took the trouble to study the whole matter. Now it is up to you to decide whether the language of the hon. gentleman was parliamentary or not.

Mr. HANSON (York-Sunbury): Before you make your decision, Mr. Chairman, allow me to say that my apprehension of the rules is decidedly along the line enunciated by the hon. member for Témiscouata. If I have used unparliamentary language I must withdraw it. If I used unparliamentary language yesterday I do withdraw it. But with respect to the opinion which I gave yesterday and to which I endeavoured to give re-expression to-day, I adhere to it.

Mr. RALSTON: This very same statement was withdrawn a year ago—

Mr. HANSON (York-Sunbury): Probably under pressure.

Mr. RALSTON: Well, under pressure or not under pressure; is my hon. friend withdrawing the withdrawal now? This statement with regard to the chief of the general staff was withdrawn a year ago. All I want to say is that the accusation of a minister not having the guts to get up and make an announcement of a policy, when it is both false and offensive, is unparliamentary; secondly, that my hon. friend does have to accept the statement of another member, particularly when he is faced with *Hansard* and faced with the extracts which I have read.

Mr. DUPUIS: On the point of order, Mr. Chairman, as I understand it the situation is this. According to the records of the house the hon. member for York-Sunbury said that the policy of thirty days' training was announced by the chief of the general staff, whereas in fact the minister proves that three months before the chief of the general staff announced that outside of the house, the minister himself had announced the policy in this house. I claim that not only is the word "guts" offensive, but the opinion which the hon. member just expressed is wrong and false, and in these circumstances I humbly submit that a false statement must be withdrawn. The hon. member for York-Sunbury is a gentleman and an old parliamentarian, whom I have often admired for what he did in the house when he was chief of his party, and I know that he will not allow it to be said in this house by future hon. members that he set a bad example for those who come after him.

[Mr. Pouliot.]

Mr. HANSON (York-Sunbury): That is a great blandishment, I am sure.

Mr. DUPUIS: That it is a false statement, if I may use so strong a word, has been proven beyond any shadow of doubt by the Minister of National Defence. He has referred to *Hansard* of September, 1940, three months before the chief of staff ever made a pronouncement; the statement in the newspaper is produced, everything is proved, including the proclamation; all the evidence is adduced sufficient to show to the satisfaction of the hon. member for York-Sunbury that he made a mistake. If one would not venture to say his statement was false, at any rate it was incorrect. It is the same as though I would say that the hon. member for Témiscouata came to Chambly and preached communism; it would not be unparliamentary but it would be false, and he would have the right to rise in his place and say that I should withdraw that statement because it is false. Consequently I expect, as I believe every hon. member irrespective of party expects, that the hon. gentleman will make an unqualified withdrawal.

The CHAIRMAN: The question of privilege brought up by the Minister of National Defence is indeed an intricate one. First, it implies the matter of a personal attack or reflection which must of necessity be withdrawn. It also implies a wide statement relative to a large section of our active service force or ranking military officers. I will read to the committee standing order 41, citation 313:

> It has been formally ruled by Speakers in the Canadian commons that a statement by an hon. member respecting himself and peculiarly within his own knowledge must be accepted,—

Of course that will apply to the statement made by the Minister of National Defence denying that the statement made by the hon. member for York-Sunbury is a true one. In a matter of the kind there is no question of a personal attack; it is a matter of accepting a statement made by the minister. The citation continues:

> —but it is not unparliamentary to temperately criticize statements made by a member as being contrary to the facts; but no imputation of intentional falsehood is permissible.

I have listened attentively to the discussion and in my opinion the member for York-Sunbury has withdrawn his remarks with reference to the Minister of National Defence, and done so unequivocally. I suggest to the

hon. member that he should accept the statement of the minister so far as he himself is concerned, and that if I understood him rightly, he also acquiesced in that statement. This is the ruling that I am applying to the point of order and question of privilege.

Mr. T. L. CHURCH (Broadview): I wish to say just a few words in this debate. The Prime Minister need not weary in well doing, and he may take comfort in the reflection that there has never been a subject like foreign affairs on which any two persons in this country have agreed. There will always be wide differences of opinion between those who do not and those who do take the view that the British empire has been, throughout the ages, the agency that has promoted the welfare of humanity and preserved the liberties of civilization. We have two great races in this country who were allies in the last war, and our partners of that time deserved a better fate than befell them.

I suggest that we have never had a foreign policy in Canada. This debate has shown the wavering and the doubts and fears which many members have had in this house. It seems that some hon. members have always wanted to depend on other people for our security—on peace pacts, on leagues, on doctrines of collective security, on pan-Americanism, the Monroe doctrine, the Kellogg pact, the Locarno treaty, the Briand pact and many other promises of that sort. These gentlemen have always depended upon these props for the security of this country.

Now is the time for us to recapture the spirit of the empire, because if we do not recapture that spirit when the country is at war we shall forget all about it when the war is over. There has been the same trouble in all the democratic countries, Canada, the mother country and the United States. Not one of these ever had a foreign policy. Canada has never had a foreign policy, nor has the United States, and the result is that we found ourselves in this awful war. When the great Napoleonic war which lasted for twenty-three years, from 1793 on, broke out, it found Britain unprepared. We nearly lost that war, the first half of which ended in the peace of Amiens in 1801. The British people at that time were depending on the hope of peace and on the pacifist spirit and had no adequate forces for defence, and the war that broke out again in 1801, and lasted until 1815 again saw the British people unprepared, although they won it. Again, the twenty years between these two great modern wars, 1918 to 1938, have been the most disastrous in the history of civilization. In fact, civilization was nearly ended when in 1939 this present war broke out.

If we are to continue this state of affairs we are going to have another war and it will not be very long after this one is over. I say to the Prime Minister: Do not forget, in dealing with foreign affairs, that Russia is not at war with Japan, nor is China at war with Germany. Do not forget these two principles. We are allied to two great imperial powers, splendid countries, the United States and Russia. They may not be imperial in the sense of wanting to grab territory; that remains to be seen. But if we are to judge by certain things that have been said in the United States senate and congress with reference to this question, we cannot be too sure on this point. One senator, from Maryland, wishes to have outright possession of the British Caribbean bases. Senator Reynolds of North Carolina wants Wrangel island and certain Dutch possessions in the western hemisphere to go to the United States, and other senators want Bermuda and so on. They also make reference to the lease-lend act. I say, they may not be imperial in the sense of wanting to appropriate territory, but some of their leading public men have indicated a desire for something of that sort.

Russia is in the same position. They are imperial like the United States in the sense that they want to have a much larger share in world affairs and a much larger share in the peace terms and in the new world to come, and unless Canada is wrapped up with the British empire, unless she is part and parcel of the commonwealth to which we belong, her position may be precarious, and we shall have little say in the peace terms. The Canadian people have shown unequivocally that they want to remain in the empire. The old empire may have gone but there is a new empire to take its place, and it will stand, as the old empire has always stood down through the ages, for all that will advance the cause of humanity. The people of this country, on the occasion of the visit of their majesties in 1939, showed the tremendous popularity of the monarchy in Canada. That spirit was demonstrated in all our provinces and nowhere more fully than in Quebec where the school children gave them such a magnificent reception.

I believe in a foreign policy for Canada. We have none at the present time. Can any hon. member tell me what the foreign policy of Canada was before the war? We had none. We had no foreign policy in the twenty years that intervened between the first great war

and this one. As I say, there were people in this country who were depending upon pacifist agencies that preached international security and international peace, for the preservation of the freedom which we, in common with the people in the rest of the empire, have enjoyed for so long. But all these peace hopes collapsed in 1939 and we found ourselves in this greatest war of all times.

Let us not forget the lessons of history in this regard. One eminent author has made this statement. He says that we are gambling with the lives and happiness of millions, and the human race is in jeopardy. We cannot be forever blowing bubbles and talking a lot of salon sentimental nonsense about the true Germans. If that is what a voluble self-righteous section of the British intelligentsia have been talking for the past twenty years, he says, then it is hopeless.

In the twenty years between the two wars the democracies all lost the sense of self-preservation in their lunatic policies of disarmament. They no longer thought it necessary that we should have armies, navies or air forces. They simply abandoned any attempt at self-preservation, and that apathy helped to bring on this war. Political apathy and ignorance are the axis' best friends. The same propaganda is going on now, and we are faced with a total lack of any foreign policy. This is equally true of the United States and the mother country. No great country has ever existed for so long a time with so little in the form of a foreign policy as the United States. A foreign policy involves certain commitments in the way of preparedness, but the United States, Britain, and Canada as well, thought of nothing but disarmament. As I say, we had lost the instinct of self-preservation. The fact is that we have never really studied the German political soul in all its horror. As Mrs. Maxse in England has said: We are fighting against a deadweight of dead yesterdays, and Germany has been strong because we have been the ally of laissez-faire. We have fought two world wars in the space of one generation because we would not face the facts. Germany has fought five great wars in the last eighty years and there will be another war. But people will be found who will talk about poor old Germany and allow her to rebuild after this second great conflict. The German people are the same yesterday, to-day and forever. The first I learned about them was in reading Tacitus and the story of the Holy Roman Empire by Bryce and Gibbon, and then we come to the wars of Frederick the Great, at Silesia, and continue on to the last war and this one. Yes, Mr. Chairman; the German people are the same yesterday, to-day and forever, and there is no use slobbering over these people. They hate Britain, they hate Canada, they hate the British empire. They are out to beat the rest of the world because they want world domination. If we allow this thing to happen there will be a third war. That is what may happen if we accept the position that has been proposed in this house in the last few days as the basis of our foreign policy. Are we to depend upon some other international body? There will always be nations. Are we to depend upon a new pacifist league or some such thing, as was said in the house on July 1? I am absolutely opposed to this doctrine and I have been consistently opposed to it. You will have to arm all along the line and keep armed. After this war is over you will find that our great allies to the south will be isolationists again. I read the debates of the Senate and the House of Representatives and I know what is happening. That country speaks with two voices. Those people are our friends and neighbours, we are fond of them, we have good relations with them because they are our kith and kin, but after all is said and done they will respect us much more if we tell them the truth, if we tell them what we are doing to preserve peace and progress in the world. I know a great many United States people and I have a great many friends in that country. I believe the average United States citizen would be better pleased if the people of this country stood up for their own country once in a while.

We have a glorious empire and the administration of our colonial empire will be one of the glorious pages of history. I believe in what Mr. Churchill said the other day, and I think the overwhelming majority of this country do so as well. He said that he had not become Prime Minister in order to see the empire liquidated, or to see the empire go down under the hammer by default. If she does go down, what will happen to Canada? Canada needs the empire and the empire needs Canada. Great Britain needs the United States just as much as the United States needs Great Britain. I believe in what Mr. Churchill said. I know that our new empire to come after this war will do its duty towards civilization and liberty as it has always done in the past.

We are a democracy, and every democracy that I know of that has existed between the two wars has depended upon the pacifist agencies I have named. We will have the same trouble again. Now is the time to change

and adopt a different policy. We were not alone in following this course. Other democracy countries became helpless. They thought that everything was over, that there would be no war, that they could disarm and depend upon the league and notes. I have sat in this house for years and I have read the debates that took place in the twenty years between the two wars. I know the attitude adopted by the isolationists and separatists; they contended that we could depend upon these agencies. I can remember March 31, 1939, when a bill was introduced by the former member for Selkirk, Hon. Mr. Thorson. When that bill was proposed if war came Canada should be a neutral country. It sought to define the status of Canada as a belligerent. At that time we had nothing to be belligerent with because we had thrown everything away. There was some support for this bill from all sides of the house, but I opposed it. I have been charged with the unforgivable sin of having been proved to be right all along on the armament question between the two wars. I was in advance of public opinion on many of these matters, and right along I was in favour of full cooperation and coordination with Great Britain.

I am absolutely opposed to any policy that will bring us into any pan-American union. We are friends in trade and for peace with them as always. That would be fatal to this country. We have no right to make some political or military agreement with the Latin powers or any other country which have been named in this agreement. Do not forget that these Latin republics are under the lend-lease act. When the lend-lease act was first conceived the United States was neutral. They had the Johnson act which outlined the status of a belligerent, and treated the axis the same as the peace nations, and they had a cash-and-carry policy, up to six months before the days of Pearl Harbor. Then the lease-lend act came into being but Germany had been given an opportunity to develop her submarine warfare, as the Neutrality Act presented Germany with an Atlantic fleet. This act was devised to enable the countries fighting the axis to obtain United States arms. Then Pearl Harbor happened and we declared war the day after. The Prime Minister acted promptly in the matter.

We nearly had a Pearl Harbor ourselves in the St. Lawrence at St. Pierre-Miquelon. This was prevented by General de Gaulle going in there at the request of the inhabitants and taking over the islands in order to prevent them from falling into German hands. The people on these islands have been friends of Britain for many years past. When congress declared war the United States declared to bring the conflict to a successful determination and they pledged all the resources of the country to that end. The agreement which the Latin countries who are recipients of the lend-lease have signed contains a clause providing for free commercial intercourse after the war and the reduction of tariffs and all trade barriers. I do not think we should enter a pan-American agreement under circumstances like that. If you do you are going to have another league of nations made up of these countries, some of which have been friendly to our enemies. I am absolutely opposed to that. We have no right to enter into such an arrangement over the heads of other members of the empire. What we want is a united empire and a united policy, not only during the course of the war but when the war is over.

Great Britain should not be blamed for all the things that have been done on foreign policy, because some of the things done in the name of Britain were asked for by the dominions. Look at the statute of Westminster, for instance. I always opposed that in this house. It was in that statute that we heard the high-sounding words "commonwealth of nations". I think I heard them for the first time, used by Lord Rosebery in 1905. In my opinion this is simply an empire-wrecking statute that divided the dominion and empire, and it is one of the reasons why we have had a second war. I do not know whether Australia or New Zealand have signed it yet, but I believe it has been up recently for discussion. We shall have to have a foreign policy based on the principle that right plus might is right. No longer can we throw away our defence. We shall have to be armed. You will find after the war certain people will again become isolationists and therefore our foreign policy with the rest of the empire should be right plus might is right. Whether or not we shall have that remains to be seen. I hope we shall not help these people to go up to Geneva near Orillia. They should take a holiday this year. I do not know why a fine county like Simcoe has to have these pacifists, isolationists and others. They are the most motley pacifist collection of people I have ever seen. All they do there is talk international pacifism and if they have their way we will have another war. Some of them are all right, but most of them were wrong during the pre-war days and have been wrong on foreign policy for twenty-two years.

I believe it is only fair to say that this country in the twenty years between the two wars was the chief drifter from empire policy

In the imperial conference of 1937 when these matters came up we said we had no commitments; parliament would decide. We were asked about a shipping policy, an empire shipping policy. The Prime Minister will correct me if I am wrong, as I have not the book with me, but it was said we had no commitments, that parliament would decide. I do not quarrel with that although I personally object to that policy. There was nothing new about it. Other countries were doing the same as to disarmament as Canada. It was felt there would be no more wars, therefore it was not necessary to have any more navies, armies or air force. What happened? We threw away our defences as well as our friends and did not see a new war coming.

I was glad to read the remarks made by Mr. Churchill the other day in connection with foreign affairs. History will show that Mr. Chamberlain was one of England's greatest men. The same applies to the whole Chamberlain family. A Munich was necessary because neither Britain nor France singly or collectively were ready for war and were no match for Germany. We heard statements in room 16 the other day about the utter lack of any defences or preparations of the mother country. Had it not been for Munich and the one year's respite, the empire would have gone, Britain would have lost the war and Hitler would have been in London in no time. Therefore we should pay tribute to the mother country for what it has done to save us in this country after Dunkirk, and also what it has done in connection with protection on the Atlantic and on the Pacific.

The keystone of the policy should be that no British territory shall be handed over to any international control. The United States will not give away any territory. They will not give away Alaska, the Panama canal or any other part of their territory. Some people want Bermuda to be taken away from the empire. Others want Russia to hand over Wrangel island. As part of the British empire our policy should be to back up Great Britain and the other dominions to the extent that the empire shall not be liquidated. Are we going to support a policy of throwing away the people in the colonies of the empire, people who have stood by the empire in its darkest days, because some other power wants to grab them?

I believe the people of this country are overwhelmingly behind the people of the mother country. They are anxious to see the right thing done at the peace conference so that the empire does not go by default.

In view of the commitments which are proposed I am pleased to see that Canada has so far kept out of lease-lend entanglements because of the grave dangers that lie ahead after the war. Owing to disarmament the empire has had to give bases from Newfoundland to British Guiana to the United States in return for some fifty-six old destroyers, many of which were obsolete. Many of them have had to return to Annapolis for repairs. It was a most unfortunate position for the people of the countries concerned and the dominions to be placed in. For the last one hundred years certain people have wanted the territory to which I have referred. Because of the lease-lend provisions it will be difficult at the peace conference to settle these empire matters. These bases have been leased for ninety-nine years, which is practically freehold.

Last Sunday there was held in Toronto a glorious fourth of July service at St. Paul's Anglican church, Toronto. The Prime Minister and the leader of the opposition were invited to be present, but unfortunately they could not be there. At that service a stone was presented to St. Paul's, Toronto, by the Bishop of Maryland. Speaking of our relations with the United States, Bishop Renison said:

> There is an unwritten bond between the peoples of the United States of America and those who live in the far-flung British empire. It is not true that the British, or even the English, are of one blood. Their various flexible types, ideas and originality bear witness to the mingling, through their long history, of the Anglo-Saxons, the Celts, the Romans and the Normans. The same thing is more apparently true concerning Americans. Some one asked whether there was a special prayer for Americans in the old English Prayer Book and the answer was: "You can find it in the petition for all sorts and conditions of men." But a wise Englishman happily replied: "That petition was made for the English and it fits them."
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> Speaking generally, we have the same history; we come from the same stock; we have the same heroes between the 10th and 18th centuries. Long before there was any thought of a formal alliance of the English-speaking peoples, there was a mystic tie which united them in spite of themselves and without their knowledge.
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> We are all influenced by our history. In that glorious eleventh chapter of the Epistle to the Hebrews you can find the honour roll of the people of Israel. It comes as a surprise to us to learn that the old prophets did not hesitate to speak to their people of the glorious deeds of their ancestors with a religious intensity. We too easily take it for granted that we must look to the Sacred Canon alone for our inspiration and comfort in these days of world destiny. If we could reincarnate the author of the Epistle to the Hebrews, he would ask us to turn our eyes to the glorious history of God's dealing for a thousand years. We can image the writer making such verses as these:
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> By faith, Alfred the Great gathered the scattered tribes of Albion in the nine century, and laid the foundation of the English nation.

By faith, Edward the Confessor builded Westminster Abbey, to be a shrine forever in lands not yet discovered.

By faith, John Wycliffe translated the Word of God from a dead language into a living tongue.

By faith, Drake and Raleigh sailed the uncharted seas and carried the soul of England to distant parts of the world.

By faith, John Milton wrote of Paradise Lost, and, when he was blind, sang of the city where they need no candle, neither light of the sun.

By faith, John Hampden resisted a tyrant king and died for liberty on Chalgrove Field.

By faith, Abraham Lincoln freed the slaves and saved the Union; hopeful in disaster, in victory he was merciful, and with charity toward all and hatred toward none he strove to bind up his nation's wounds. In dying, he joined the Immortals.

By faith, Thomas Edison searched for the gifts which God had hidden for men to find; he made the deaf to hear; he made his country a family; and to those who since the beginning of life on this planet had nightly sat in darkness he turned their night into day.

He then speaks of Shakespeare, and continues:

In Lincoln in Chicago there is a statute to the greatest man that England ever produced. He was not a soldier, but a poet. Here is the inscription:

"He was not for an age, but for all time,
our many-minded Shakespeare." . . .

The Niagara river is a parable of the story of the English-speaking people. It is the dividing line between the British empire and America. The waters coming from the great inland seas are compressed into the swift rapids of the Niagara river—a symbol of the early difficulties and misunderstandings of the 18th century. Then we come to the great cataract, which stands for the revolution and the separate destiny of the two English-speaking nations. Below there is the whirlpool and the gorge of the 19th century, with alternate rapids and still water succeeding each other; and then the river emerges into lake Ontario, and beyond that it flows through the great river of the St. Lawrence, ever wider and deeper, until it reaches the ocean.

Such is the story of our people.

The last war produced some great soldiers who have had a lot to do with the destiny of this country. I was at a service the Sunday before last for the Canadian corps and the Canadian legion in Riverdale park in my constituency, and all soldiers of the Toronto district. A great sermon was preached by the chaplain of the Queen's Own regiment. It was preached by a friend of the present Prime Minister, a friend of the Leader of the Opposition, and of the other leaders in the house. I refer to Lieutenant-Colonel the Right Reverend Canon H. F. D. Woodcock, canon of the Church of England, rector of Christ Church, Toronto. He spoke as a patriot about our empire, and asked that he might not be considered narrow or selfish if he were to speak about the empire's cause rather than the united nations' cause. The *Globe and Mail* newspaper article states:

He pointed out that the empire's cause is humanity's cause.

"We are gratified that we have such powerful allies" he said, and expressed the hope that the ties with the allies, the United States, China, Russia, might grow even stronger. And while some might ask, "Where would we be to-day without our allies?" He reminded his audience that after all it was the motherland who had "taken the deadly thrust in her heart, but did not die."

"I make a plea" he said, "for the strengthening of the imperial ties, because I believe no separate existence, however splendid, can compare with that which we now enjoy as joint heirs with the people of the motherland, of all the glorious traditions of her past, and joint partakers with them of the world prestige and power which that present partnership affords.

"Nationalism is not going to be abolished by this war" the speaker declared. "It is as natural to mankind as family life. But nationalism must not be exclusive. You cannot reconcile universal industrialization and exclusive nationalism."

And that is right. Let me say those who are planning for the world should take notice of those words. But let us not forget that the United States and Russia entered this war because they were attacked. Great Britain, the mother country, did not enter the war because she was attacked. She entered it because of the pledge she had made to Poland. She will be known as the good Samaritan of the nations. And she bore the brunt of the war for two years, and bore it alone.

Before the closing of the session some resolution ought to be passed, voicing our thanks to our troops. In the British House of Lords a similar resolution was passed on May 19, in the name of Viscount Cranborne. These were his words:

It will, His Majesty's government have felt, be the desire of parliament to record by a formal resolution its thanks to those who have contributed to this noble success. This is not the first occasion when parliament has voted a resolution of thanks to His Majesty's fighting forces. There are other famous precedents; after the battle of the Nile, after the battle of Trafalgar, after the battle of Waterloo, after the Indian Mutiny. Those are glorious names in our history. They will be remembered so long as Britain remains a nation. They will be passed down from father to son, long after we are dead, buried or forgotten. And so I believe will it be with this battle. This great struggle in which we are engaged is not yet over. Germany, Italy and Japan are not yet beaten. The road that we have yet to travel may be long and stony. But whatever trials and sacrifices lie before us we are, I hope and believe, through the mists of war beginning to see the end, and when Hitler and Hitlerism is an evil memory of the past, the tale of this great victory that

has been won in Africa by free men for the cause of freedom will be handed down as an example and an inspiration to our children and our children's children.

I believe the time has arrived when the Prime Minister, who has a very wide knowledge of foreign affairs, and is a more or less learned man in connection with this work, should prepare a white paper with respect to our relations with that glorious country, France. That is the country with which we were allied in the first great war. That is the country with which we fought side by side in that war. I should like to see prepared a white paper which would clarify the situation as to North Africa, and in fact clarify our whole foreign affairs position. I do not believe in referring these matters to a committee on industrial and international relations. I believe it would be better if we had a plan under which we could ask questions every few days, when the orders of the day are called. That would surely be better, because we would discuss matters as they develop, and avoid long debates of this kind.

I believe the time has come when the people of Canada should be taken more into the confidence of the government. I pleaded for this on March 21, 1939, before the war broke out, upon which occasion I called the attention of the house to what Mr. Chamberlain had said. He pointed out that the people should be given the truth and the facts. I say they should be given the truth, the whole truth and nothing but the truth with respect to what is going on in connection with our foreign policy and this war, and they should be told what happened in the period of years between the two great wars. They should be given all that information. I do not believe we would have had a second world war if the people of the mother country and in allied countries had known the truth, the true state of affairs in respect of Germany, if they had known the truth about rearmament, and all that kind of thing.

On March 21, 1939 I urged that the people should be given the facts, because if they were not allowed to have the truth we would be embarking on a course fraught with great danger. I say the time has come when we should have before us a white paper setting out the details of what has happened in North Africa, in connection with General Giraud and General de Gaulle, and all that kind of thing. There has been a great deal of criticism of this in the British House of Commons, and outside that House of Commons in the British press and also in Canada to the real facts about France. I refer particularly to the Yorkshire *Post*, the Manchester *Guardian* and many other newspapers over there. The people of Canada have the right to have this information. I believe it would be a good thing if the Prime Minister would consider preparing a white paper along these lines.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Chairman, in the first place I wish to reassure the hon. member for Broadview (Mr. Church) that what I have to say will help him spend a quiet and restful weekend. I do not think the statute of Westminster means much. I have it in my hand. It is divided into two parts, in the same fashion as any other piece of legislation. The first part is the preamble, and the second is the enacting portion, or the part that has the force of law.

The preamble contains some instructions which may refer to some understandings or agreements between the governments of the dominions, and the government of the United Kingdom, but it does not change in any way the status of the dominion. Let us consider them one after the other. The first paragraph of the preamble makes reference to past imperial conferences of 1928 and 1930. Then the second paragraph of the preamble contains these words:

> The crown is the symbol of the free association of the members of the British commonwealth of nations.

This has not been enacted anywhere else than in our own constitution. It is a consideration which is true. I admit that the crown is binding all the dominions together. Then it goes on to say:

> As they are united by a common allegiance to the crown, it would be in accord with the established constitutional position of all the members of the commonwealth in relation to one another that any alteration in the law touching the succession to the throne or the royal style and titles shall hereafter require the assent as well of the parliaments of all the dominions as of the parliament of the United Kingdom.

That is true. But we passed some legislation regarding the succession to the throne, and it was copied from the British act. It was a copy of what was passed at Westminster.

A great fuss was made to the effect that since the statute of Westminster His Excellency the Governor General is the direct representative of His Majesty the King. Before that he also represented the British government. We have heard some champions of autonomy declare in this country respecting the victory we have won, that His Excellency the Governor General represents only the King. What happened afterwards was that a British high com-

missioner was appointed in Canada, representing the British government. What difference is there between the governor general representing both the king and the British government, as obtained before, and the present condition where the governor general represents only the king and the British high commissioner represents the British government?

I should like to summarize later on a few of the provisions that are contained in the enacting part of the statute. Paragraph four of the preamble says:

> And whereas it is necessary for the ratifying, confirming and establishing of certain of the said declarations and resolutions of the said Conferences that a law be made and enacted in due form by authority of the Parliament of the United Kingdom.

That is very important. I will repeat it:

> And whereas it is necessary for the ratifying, confirming and establishing of certain of the said declarations and resolutions of the said Conferences that a law be made and enacted in due form by authority of the Parliament of the United Kingdom.

That is true; I admit it, and that is why I contend that what is mentioned in the preamble is part of this statute, but not of the enacting part of the statute. The preamble goes on:

> And whereas the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland have severally requested—

It was asked for by the dominions.

> —and consented to the submission of a measure to the parliament of the United Kingdom for making such provision with regard to the matters aforesaid as is hereafter in this act contained;

That is, matters such as I have mentioned. But it is not what I have already mentioned which counts in the statute of Westminster, although it does refer to some understanding between the various governments. What does count is what has been decided by the House of Commons and by the House of Lords at Westminster with the approval of his majesty. The preamble concludes:

> Now, therefore, be it enacted by the King's most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present parliament assembled, and by authority of the same, as follows.

What follows is the law, and it is not what was there before. There may have been some understanding between the various dominions with regard to such questions as the succession to the throne and matters of that kind, which have been adhered to by the British government but have not been mentioned in our constitution, the British North America Act. No change can be made to the British North America Act except by legislation at Westminster. There may be some argument regarding the new state of things that has subsequently developed which could be settled by conferences between the British government and the governments of the dominions; but so far as our constitution is concerned, it is an act of the parliament at Westminster and can be changed only by the parliament at Westminster. It is like a municipal by-law which can be amended only by another by-law and not by a resolution of the municipal council.

I never believed in the pompous designation of "dominion". It is pompous. It was something to satisfy the pride of colonials. Either Canada is a realm, as his majesty described it in speaking to the senate, and the record of that statement is also contained in our own *Hansard*, or we are not a dominion but just a colony.

There is no definition of a dominion in the statute of Westminster. For a definition we have to go to a book that belongs to the house and is put on the Clerk's table for our perusal. It is called "The Concise Oxford Dictionary" and it is for the Clerk's table. When there is no definition of a word in the interpretation section of a statute we have to seek for its meaning in the dictionary, not a common dictionary, but the dictionary on the Clerk's table for the use of Mr. Speaker or the chairman of the committee of the whole house when we are sitting in committee. Now what do we find in the Oxford dictionary, for use at the table of the House of Commons? I find this definition of "dominion":

> Dominion. (Dominion of Canada, name given to Canadian colonies united 1867).

That is what the dictionary says. Therefore we cannot pretend to be anything more than a colony. It is precisely because some British lord was afraid of what the effect might be in the United States if Canada were called a kingdom that Canada was given the pompous, I repeat, and false name of a dominion.

The first section of this act reads:

> In this act the expression "dominion" means any of the following dominions, that is to say, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland.

It is precisely because some of the other dominions, especially Australia, South Africa and Ireland objected, not to the definition but to the meaning of the designation "dominion", that these countries are called the Commonwealth of Australia, the Union of South Africa, and the Irish Free State. They objected to

the word "dominion" because it was a pompous designation for a colony. We should not go on stilts, Mr. Chairman, when we discuss external affairs and our status. There are some people, you know, who climb on stilts to appear greater than they are, and then after the speech is made, they drop down to earth again and become human beings. I now quote section 2 of the statute of Westminster:

(1) The Colonial Laws Validity Act, 1865, shall not aply to any law made after the commencement of this act by the parliament of a dominion.

(2) No law and no provision of any law made after the commencement of this act by the parliament of a dominion shall be void or inoperative on the ground that it is repugnant to the law of England, or to the provisions of any existing or future act of parliament of the United Kingdom, or to any order, rule or regulation made under any such act, and the powers of the parliament of a dominion shall include the power to repeal or amend any such act, order, rule or regulation in so far as the same is part of the law of the dominion.

In other words, the statute of Westminster repeals the Colonial Laws Validity Act of 1865. It means that since 1931 if our legislation is in conflict with that of Great Britain it will be in force just the same. Two or three years ago, in my weekly column in a Montreal daily, I said it would be very interesting to have a check-up made of each statute passed by our parliament and by each legislature of this country from the time of the Colonial Laws Validity Act, 1865, until the passing of the statute of Westminster, 1931, and to compare each of our laws, both federal and provincial with each of the British statutes to see whether there was not some infringement somewhere. But nobody saw the joke. Moreover, I suggested that two senile judges who had been superannuated should start the work; they would have had to live as long as Methuselah to complete it.

Let us take note of section 7:

(1) Nothing in this act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts, 1867 to 1930, or any order, rule or regulation made thereunder.

Therefore, sir, the statute of Westminster does not touch or change our constitution, the British North America Act, which remains the same. Then subsection 2:

(2) The provisions of section two of this act shall extend to laws made by any of the provinces of Canada and to the powers of the legislatures of such provinces.

Which means that the Colonial Laws Validity Act applies not only to dominion acts but also to provincial acts. Then subsection 3:

(3) The powers conferred by this act upon the parliament of Canada or upon the legislatures of the provinces shall be restricted to the enactment of laws in relation to matters within the competence of the parliament of Canada or of any of the legislatures of the provinces respectively.

There is something extraordinary about section 3, which reads thus:

3. It is hereby declared and enacted that the parliament of a dominion has full power to make laws having extra-territorial operation.

Yes, sir, that is very fine; but what is the use of having it when on the other hand the disallowance provisions of the British North America Act are left there, in virtue of which our legislation is sent to Westminster and the British government has two years to disallow our legislation? What freedom do we have now? Or, if "freedom" is a rather stronger expression than I intended, I will use the word "autonomy".

4. No act of parliament of the United Kingdom passed after the commencement of this act shall extend, or be deemed to extend, to a dominion as part of the law of that dominion, unless it is expressly declared in that act that that dominion has requested, and consented to the enactment thereof.

That is fair. But it is important to note what is repeated in the two subsections of section 2 and also in section 4—and this is why there was something serious in my suggestion about the judges. All the legislation which has been passed by our parliament from 1865 to 1931 and by our provinces from the date of their creation until 1931 is null and void, and remains null and void notwithstanding the statute of Westminster if it comes in conflict with any British law. We know nothing of the past; a check-up should be made. I say that very seriously, because the statute of Westminster had no retroactive effect on the matter.

5. Without prejudice to the generality of the foregoing provisions of this act, sections seven hundred and thirty-five and seven hundred and thirty-six of the Merchant Shipping Act 1894, shall be construed as though reference therein to the legislature of a British possession did not include reference to the parliament of a dominion.

6. Without prejudice to the generality of the foregoing provisions of this act, section four of the Colonial Courts of Admiralty Act, 1890, (which requires certain laws to be reserved for the signification of His Majesty's pleasure or to contain a suspending clause), and so much of section seven of that act as requires the approval of His Majesty in Council to any rules of court for regulating the practice and procedure of a colonial court of admiralty, shall cease to have effect in any dominion as from the commencement of this act.

The only difference between a so-called dominion and a colony is this, which we find in section 5, "Powers of dominion parliaments in relation to merchant shipping." I have read it. Afterwards there are sections which refer to dominions other than ours.

The matter was discussed at full length on June 30, 1931. I have not time to read this debate, but to students of parliamentary history and constitutional law I say, if you desire to know the views expressed on that occasion by Mr. Bennett, Mr. Lapointe and Mr. Ralston, you have only to go to *Hansard*. The matter was discussed on other occasions, especially on March 10, 1939. I tell you that I find that the statute of Westminster is just a kind of fictitious propaganda, the instrument of a sort of amphibious gentleman, a labour lord—I cannot conceive of labour lords—Lord Passfield, better known as Sidney Webb.

In the first place I find that the name "statute of Westminster" is the summit of absurdity to designate one statute in particular. I had it in mind to put a question on the order paper. "Besides the two 'statutes of Westminster' passed in the years 1275 and 1285, 18 Edward I, chapter 1, and the 'Statute of Westminster' 1931, 22 George V., chapter 4, were there other statutes of Westminster? If so, what are they, and how many were passed between 18 Edward I and 22 George V., during several centuries?" All enactments from Westminster are statutes of Westminster; why pick out this one and call it the statute of Westminster? "We will give you freedom; we will give you autonomy." But we find that it is very much restricted. I have heard some young men talk about the autonomy of this country; they say, "The statute of Westminster has put it in force." But it means nothing, or practically nothing; it is just fictitious propaganda to give the inhabitants of the dominions the impression that they are always walking on stilts and that they are much greater than they are.

On March 10, 1939, there was a debate on the Gariepy bill, reported at pages 1782-4 of *Hansard*. Mr. Gariepy was then member for Three Rivers, and the object of his bill was to establish the anniversary of the statute of Westminster as a statutory holiday. That was not enacted. On that occasion the late Mr. Lapointe spoke. He said:

> It is the bond that binds together the various parts of the commonwealth under the same crown.

I do not believe that. I believe that the bond that unites all parts of the British empire is the British crown, and I do not see how the statute of Westminster could be substituted for the crown in uniting the various parts of the British empire or the British commonwealth, or whatever name you choose to give it.

> Freedom is the cement that binds all these nations together . . . . The Statute of Westminster is a great step but it is not as final for Canada as it has been for most of the other dominions because of certain things which prevented complete nationhood, in spite of the fact that those obstacles are of our own will, are there because we want them to be there.

These obstacles exist because we want them to exist, and if we are not autonomous it is because we do not want to be autonomous. He is referring to the amendment to the constitution.

> First . . . how can it be accepted in international law that we are a fully sovereign nation when we have to resort to the parliament of another country to effect changes in our constitutional structure?

I fully agree with that. Now with regard to the privy council:

> Litigants from Canada must go to the mother country to get a final decision in Canadian cases.

I would be in favour of appeals to the privy council if the members of that tribunal were not also politicians, because they belong to the House of Lords. If the privy council were completely independent of politics, I would be for it. I would be for the continuation of our system, for a very simple reason. Everybody speaks of the independence of judges. Judges should be like Caesar's wife, above every reproach. I have no objection to having a case decided in London any more than having international settlements made at Geneva. How can men who went to Geneva or to the Hague in Holland for the settlement of their disputes object to decisions being given by the privy council in London? I am opposed to it because those judges are politicians; they belong to the House of Lords. Otherwise they would be fully qualified to act as our final judges, and the question of cost is nothing, because there is so much provided for the office of the Canadian high commissioner in London that it would be possible to engage a couple of solicitors in London at $10,000 a year to submit all cases to the privy council.

> We cannot say that we have complete equality of status and full sovereignty until we have a Canadian flag.

It is true that a flag is a symbol of sovereignty, but it must mean something. In my part of the country, when the framework of a building is finished, the custom and the tradition is to put the head of a pine tree on top, and that indicates to all those who pass by that, although the building is not completed, the framework is. But how can we put a flag in the air, like castles in Spain, when there is nothing there to support it? Only sovereign nations can have a flag. A flag must mean something, because if it means nothing, if it does not mean autonomy, I do not see why we should have it. That is my humble view. There must be a meaning to it, and so long as there is no

meaning we cannot have our flag. It is not a question of not being patriotic or being a good Canadian. I find that we have enough illusions with regard to the statute of Westminster and it is time to put a stop to them and to take things as they are. What would be of greater importance for us than having a flag would be to consider each piece of legislation in a truly Canadian spirit. Our legislation should have Canadian inspiration and not inspiration from outside. It would be much better to start at the bottom and then gradually climb to the top. Mr. Lapointe then went on to say:

> The three matters I have mentioned will have to be dealt with and definitely solved before we can say that we are like the other dominions which have all done so.

They themselves, however, were subject to the illusion of autonomy in their constitutions. It was said that they could amend the constitutions themselves, but in each constitution there was provision for the disallowance of their legislation at Westminster. Where would they go? If their amendment to their constitution should happen to displease Westminster, the British government can disallow it at any time within two years. The only country where that does not prevail is Eire.

Mr. Lapointe also spoke on March 31, 1939, on the question of neutrality with reference to the subject of a foreign policy. He is reported at page 2466 of *Hansard*. He spoke first of a common national status. We have no Canadian citizenship, and Canadian citizenship should come before the flag. Second, he referred to the use of the diplomatic and consular functions of Britain. I did not agree with the Prime Minister when he said that the new Canadian consul general in New York should work in close cooperation with the British officials over there. We may be in conflict with regard to trade and business, but conflict in regard to trade is emulation, not war, and the duty of the consul general in New York is not to receive instructions from the British ambassador or the British consul general, but to take instructions, from this government only, for the best interests of the country.

The third point to which Mr. Lapointe referred was the foreign enlistment act; the fourth, the British preference, and the fifth, shipping legislation.

At the special session of 1939 he mentioned these matters and he is reported at page 66 of *Hansard*. What he said was this, in effect. For all these reasons, it is impossible for this country to be neutral. It shows also that we are not autonomous. And what I complain of is that this country is described as autonomous when it is not. I am making an argument now,

and I do not say to the imperialists that it is better to be autonomous than not to be, because I want them to have a restful week-end. But so long as we are not autonomous and so long as our legislation can be disallowed within two years by the British government, I do not see how we can say that we are free and are not under guardianship, and that we should have a flag. That flag should be at half-mast.

There are some other things, but I should like to see this country autonomous in fact. I mean by that, through legislation, as opposed to the many eloquent words that we hear from so many lips. In our national acts we should always proceed with the first thought for the interests of this country. In the second place we should not feel too much impressed by outsiders who come here. At the present time some of our statesmen seem to have an unfortunate inferiority complex when outsiders are concerned. They consider that they are much better than Canadians simply because they come from outside the country. I am referring particularly to certain experts who have come here from Great Britain, the United States or other places.

Then there is another consideration, which was so well expressed by the hon. member for Vancouver South (Mr. Green), about our taking part in the pan-American union. Most of us were born in this country, and many of those who were not born here have become real Canadians; they want to make this country their own for themselves and for those who will come after them. All realize that the future of the world will be mostly on this continent; I mean in the two Americas. I do not know how it will be taken, but I have a suggestion to make. I suggest that the motto of each part of the British empire, at least the colonies that are called dominions, should be the French motto of, "liberté, égalité, fraternité." By liberty I mean autonomy in legislation under the British crown. What fraternity do we practise with the other dominions? There is one dominion which has been given the cold shoulder.

I do not intend to argue this point, but when the war is over it will be over for the neutrals as well as for those who have been at war. In my humble opinion the duty of Canada, which has been doing so much for other countries, immediately after the war will be to do everything possible for Ireland, not only for Eire but for Northern Ireland as well. Help should be given to this dominion because they are the closest to us; they are between us and England and Scotland.

An hon. MEMBER: Geographically.

Mr. POULIOT: Exactly; that is what I meant. On account of financial difficulties and other matters Ireland has suffered from poverty. If help is to come from this side of the Atlantic, it should come from Canada in the first place. I do not intend to discuss the war situation because a resume was given this afternoon by the Prime Minister, and I do not want to take up too much time. But I do want to burst the balloon of the statute of Westminster. It is very dangerous to give some people the impression that they have rights that they may claim when in fact they have none. If some members differed from the government on the question of neutrality and other matters at the beginning of the war, it was by reason of the undue importance that was given to the so-called rights which we are supposed to have under the statute of Westminster and which are non-existent. I thank all hon. members for the kind attention they have given me. I have spoken to them as a true Canadian who does not want his fellow citizens to be foiled any more in connection with this matter.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Chairman, I know of no more important debate that could take place in this parliament than one concerning the relationship of Canada to other parts of the empire and our foreign relations generally. I am sure that all of us were impressed to-day by the optimistic tone of the Prime Minister's speech in so far as the war situation is concerned. As he spoke I coupled his remarks with the indication he gave the other day that we in Canada, in common with other parts of the empire, are on the eve of tremendous developments on the battle fronts. The right hon. gentleman gave the warning that in the near future the blood of our own kith and kin will be shed wherever the invasion is commenced. It was not by the statute of Westminster, which merely placed in statute form the status of the component parts of this empire, nor by the Balfour declaration of 1926 that Canada gained a position of equality with other parts of the empire; it was gained by the sacrifice and service of those who gave their all in the last war, and is being maintained at this moment by the service of those who are in the armed forces in this war.

What I have to say to-day is not comprised in any set speech. Anything I have prepared has been prepared during the day and represents the results of some thought given to matters of foreign policy and our relations within the empire over a period of years. There are few Canadians who have any illusions that this nation will be able to remain neutral or isolated or adopt an attitude of being uninterested in foreign affairs during the years to come. In spite of the speeches that one sometimes hears made, such as the one made not so long ago by a member of another house, Canadians as a whole appreciating their membership in the British empire have no desire to depart from that relationship. They are prepared to accept not only that relationship but the responsibility of cooperation with and assistance to other parts of the empire in the years to come. The opposition believes and I quote:

> That the guarantee of freedom, security and opportunity for Canadians will be found in the strengthening of the British commonwealth, its closer association with the United States and the other allies in this war and in the application of the principles of the Atlantic charter.

Canadian unity is dependent upon the continuance of Canada as a part of the British commonwealth. One could not imagine the various races and creeds in this country, the existence of rights and of responsibilities as between those various peoples comprising Canada, in any other relationship than within the empire, bound together in the empire by a spirit of loyalty and affection to the crown.

I was disappointed that the Prime Minister did not deal with the matter, although he has made reference to it in the past. Having regard to international transportation and communications by air, and having regard to the fact that the circumference of the world has shrunk to the point where no nation is distant from any other nation to-day more than sixty hours, with the result that international non-cooperation, isolation or separatism can no longer constitute a policy for the nation, we must look forward to the post-war problems that the Prime Minister says are now engaging the attention of certain committees to the end that in the post-war development Canada as the centre of the universe in the new air maps which are being issued will take her proper place within this empire in advancing civil aviation.

Before I deal with that I wish to make a few general observations. I believe that in recent years we have learned one thing, as was so well expressed by the hon. member for Vancouver South (Mr. Green) in his speech this morning. Canada can no longer take a negative foreign policy attitude. Her attitude from now on must be one of a positive nature. Our interests in foreign affairs geographically parallel those of the United States, and we

are bound to the crown by history and tradition. The crown symbolizes the common unity, the common purpose, the common concept of institutions based on freedom and liberty. The United States of America, as a nation friendly to us and a nation whose co-operation means so much to the empire and to Canada has many problems in common with ours. To those who say the day of annexation is here, I say they do not represent the viewpoint of the Canadian people; for on this continent there is ample room for two great nations, one a free and independent member of the British commonwealth, the other the Republic of the United States of America, joined together in close association.

The Prime Minister himself must feel a source of satisfaction in the development of the relations between Canada and the United States which has occurred during the period that he has been in public life as Prime Minister or as leader of the opposition. When we look at the development since the last war; when we look at the development since this war began, we realize the changes that have taken place. I believe we must have a degree of unity in this country in connection with foreign affairs to a greater extent than in matters particularly affecting us within the nation. When one looks at the picture, Ogdensburg, Hyde Park, Casablanca and Washington, one realizes that each of those conferences has represented a milestone in the mobilization of the power of the English-speaking nations, not only for purposes of making war but for mutual development in times of peace, as is evidenced by the Atlantic charter.

I have already mentioned that Canada will hold a central position when this war is over. Having regard to the fact that the Prime Minister of Great Britain has said that Canada is the linchpin joining together the British commonwealth and the United States of America, to-day the air centre of the world, is it too much to hope for that when the peace conference convenes it should convene in the city of Ottawa, the centre of the world to-day on the air routes of the world and the interpreter of the will of the British people to the United States of America and also the interpreter of the United States of America to the people of Britain. However, it has not always been so. The war changed the attitude of the government of Canada, as was pointed out by the hon. member for Vancouver South. I am not sure yet, Mr. Chairman, that we are far enough along the road to a positive policy in foreign affairs, nor have we sufficiently established our future position toward the British empire. Why have we to-day no imperial war council? Why have we to-day no imperial war conferences? Why did Canada in the years before the war refuse to join the committee for imperial defence? If Canada had taken the attitude in 1935 and 1936, and up to the outbreak of the war, that she takes to-day; if she had let the world and the aggressor nations know then what her stand would be should war come, would the result have been different? That will always remain an enigma of history.

Canada prior to the war had refrained from participating in affairs affecting the welfare of this empire as a whole. I am referring now to a book that was referred to by the hon. member for Vancouver South, "The British Commonwealth at War". At page 63 I find the following:

> Since the war of 1914-18 representatives of Australia and New Zealand have frequently been present at the meetings of the committee and have asked for and received advice on their defence problems. The other dominions, such as Canada, at least in recent years, refrained for political reasons from attending meetings of the committee.

Mr. BERTRAND (Laurier): Who wrote that?

Mr. DIEFENBAKER: It is by Mr. H. Duncan Hall, of the British committee at Washington. He goes on to point out, too, in regard to an imperial war cabinet, that Mr. Churchill wants such an institution set up, and that he has asked for it. He refers to it in his book on two occasions, first at page 35 where he quotes the Prime Minister of Great Britain as saying the following on June 24, 1941:

> As I have told the house, we very much desire such a conference.

And later on, at page 36 he says this:

> "We have always been ready to form an imperial cabinet containing the Prime Ministers of the four dominions." Unfortunately, he continued, it had not been possible for all of them to be present at one and the same time; . . . In the last three months the Australian government, he pointed out, had been represented on the war cabinet by Sir Earle Page. The British government had now agreed to the specific requests of the Australian and New Zealand governments, that their accredited representatives should have the "right to be heard in the war cabinet in the formulation and direction of policy;" and similar facilities would be available to Canada and South Africa.

If that correctly represents the situation I would ask the Prime Minister why it is Canada adopts an attitude against becoming a member of this war cabinet in London, in order to participate in directing and controlling the war effort of the empire.

When Mr. Eden was here he was asked a question regarding the matter of a war cabinet,

or a war council, and the following report of the interview appeared in the Toronto *Star* as follows:

Questioned as to the advisability of an empire war council, a move which Premier King has opposed, Mr. Eden glanced toward the Canadian Prime Minister before he replied. Then he said: "My own direct experience is that we've got pretty good machinery for integration of our war effort.

Then, these are the pertinent words:

Of course, if it can be improved, that would be all the better.

Then he turned, smiling to Mr. King and joked: "I think I did pretty well on that one, don't you?" The Canadian Premier nodded approval.

Mr. MACKENZIE KING: Does my hon. friend mean to say that Mr. Eden was overawed in making his statement?

Mr. DIEFENBAKER: I say the inference is that there would be a better cooperation among the various component parts of the empire if such a cabinet were in fact set up.

Mr. MACKENZIE KING: I do not agree that such is the inference at all.

Mr. DIEFENBAKER: That is my conclusion; and I point out, too, that throughout the period from 1925 on, Canada has taken the attitude of non-participation in these conferences, and has taken the stand that she ought not actively to participate in giving counsel and advice.

But it is said that these things are changed now. The question I ask is this: Are they changed? Only recently an article published on March 18, 1943, by Mr. Chester Bloom, Washington correspondent, said this in part:

Much of the readiness with which the dominions have followed the mother country's lead, however, has been due to the dire and immediate peril with which Hitler threatened the whole civilized world. Now that it begins to be clear that Germany cannot win the war, no matter how long the nazis may prolong it, and how much blood and treasure must yet be expended, the British statesmen are beginning to feel the lack of some unified British commonwealth agreement on international policy.

It is a fact that, irrespective of the visits from time to time of representatives of Canada and other parts of the empire, and despite the communications which no doubt take place several times a day, nevertheless no relationship equals that of a conference, when men put their feet under the table together, and discuss affairs together.

That is why I again bring to the Prime Minister's attention representations we have made before that Canada now, if only for the psychological effect on our people, and the people of the empire as a whole, should agree to the setting up of that council, and to the sending of representatives to Great Britain, or wherever else the council may be convened.

In the last war there were delays in setting up the imperial war council. I believe the first imperial war council did not meet until the spring of 1917, at the same time as the imperial conference of that year. There were delays. But a reading of Sir Robert Borden's memoirs leads to one conclusion, and that is that when the time was darkest, when the submarine menace was worst, and when these statesmen came from all parts of the empire to Great Britain the effect of the Canadian troops overseas and on the people of Great Britain was such that it resulted in a greater determination, a great incentive to fight the war to victory.

The Prime Minister referred to this matter himself on February 17, 1941, when he said, as reported at page 812 of *Hansard:*

Direct consultations have been and may continue to be necessary from time to time. They, however, are likely to be most required concerning aspects of the common war effort which necessitate detailed inquiry. Five members of the present government have already visited the United Kingdom since the outbreak of the war. Their visits have been of the greatest assistance to the government in coordinating our war effort with the war effort of the United Kingdom.

That may be true. Those visits coordinated the war effort. If they had that beneficial result, would there not also be a vastly greater beneficial result if to-morrow morning it were announced that we in Canada are going to join the other parts of the empire in what might be called a victory gathering of an imperial war cabinet, and that we were to be represented by Canada's own Prime Minister?

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. DIEFENBAKER: Mr. Chairman, I will now summarize what I was saying before the recess. I was making a plea for greater collaboration with the other nations of the empire through the formation of an imperial war cabinet in order to unite more strongly the peoples of the empire. While it might be said that as a result of the developments of science and of scientific means of communication, the prime ministers of the various parts of the empire are enabled to communicate with one another and thereby make unnecessary the convening of a war cabinet, I

would point out that the human touch is lacking in these communications. Churchill and Roosevelt having the same oportunities to use modern means of communication for getting in touch with each other nevertheless avail themselves of personal meeting in the interest of their respective countries.

I pass now for a moment to our relationship with the United States of America. Recently I had the privilege of being present in Ottawa when members of the various parliaments of the empire met informally with members of the United States congress, and there for the first time I learned how important it was to have such an opportunity of getting together and of ascertaining through an interchange of ideas that, after all, our problems at the present time bear a striking similarity to one another. If there is one thing more important than another to-day it is this, that anything that may cause cleavages between Canada and the United States must be avoided, that frankness should characterize all our relations and that a free exchange of ideas is the finest means known to avoid suspicion arising.

I wish to bring to the attention of the Prime Minister with a view to getting an answer thereon the situation prevailing to-day not only along the Alaska highway but in other parts of this dominion where representatives of the United States, in a community of interest with us, are stationed with a view to the improvement of the defences of our country and of North America as a whole. Last year I had an opportunity of visiting the Alaska highway and of being in the town of White Horse and there meeting with the troops of the United States of America. I can say this, that I have never seen a finer body of men than these troops representing the United States—men in a foreign land and yet at all times conducting themselves in a way that brings credit to themselves and to the nation they represent. As a result of their being in Canada a reference was recently made to the supreme court with regard to their liability to Canadian law. I am not going to refer to that matter because it is now being considered by the court, except to say that the court has been asked for an opinion on a question which reads as follows:

> Are members of the military or naval forces of the United States of America who are present in Canada with the consent of the government of Canada for purposes of military operations in connection with or related to the state of war, now existing exempt from criminal proceedings prosecuted in Canadian criminal courts and, if so, to what extent and in what circumstances?

[Mr. Diefenbaker.]

The stand taken by the United States is that their troops in our country are not subject to the criminal law. There is, however, another matter which I think requires interpretation from the Minister for External Affairs, namely, in connection with a United States order that was issued on June 7, 1943. It is singularly of interest that this order should have been made, and I want to ask whether or not it applies to Canadians or British subjects who are employed by contractors in connection with work on the Alaska highway. I quote:

> Paragraph 1 of Northwest Service Command General Orders No. 23, dated June 7, 1943, subject: "United States military jurisdiction over civilians in Northwest Service Command" is quoted for the information of all concerned: "Regardless of citizenship, civilian employees of the United States government, or of contractors, working under and in physical proximity to the United States army, including those United States citizens in the above categories discharged from their employment who are awaiting transportation to the United States, are subject to military law and discipline under Article of War 2 (d)."

Does that mean that Canadians who are working for contractors under or in proximity to the United States army in Canada are subject only to military law? That is a matter which I think should be clarified. It has been brought to my attention by civilians so employed, and creates a striking situation in view of the attitude taken by the Prime Minister respecting Britain's right to operate air training schools on Canadian soil. It is true that was before the war, on July 1, 1938. I think it merits an interpretation by the Prime Minister and also an explanation of the circumstances under which it was brought into effect.

There was one matter with which the Prime Minister did not deal, and in the few moments at my disposal I intend to deal with it. He stated that committees had been set up for the purpose of considering post-war problems. One of the main problems affecting Canada as a member of the British empire, and by itself, and also our relations with the united nations is the question of post-war aviation. In to-day's press is a dispatch from Washington, July 8, reading as follows:

> Discussions among British commonwealth countries on the broad subject of post-war aviation are being proposed by the British government, it was reported here to-day.
>
> The meeting, likely to be held in London, would precede any aviation conference among the united nations. For some time it has been reported here that plans were under way to hold informal discussions soon—probably in Ottawa—among representatives of Canada, Britain, the United States and perhaps Russia

and China. However, any plans to this effect may have to be modified if the London conference is held.

As yet we in this parliament have had no information with regard to this meeting. On April 2 the Prime Minister made a statement on the subject, wherein he stated in part as follows, as reported in *Hansard*, at page 1777:

> The problems of international air transport are, of course, immense and cannot be solved by one country. We are determined, however, that our influence on the course of events will be in the direction of international cooperation and collaboration. The Canadian government is in complete agreement with the United Kingdom government that "some form of international collaboration will be essential if the air is to be developed in the interests of mankind as a whole, trade served, international understanding fostered and international security gained."

A study of events following the treaty of Versailles and at the time of the treaty leads one to believe that many of the difficulties which took place among the then allied nations would have been avoided had there been conferences prior to the peace treaty and during the progress of the war. Aviation is one of the most outstanding problems affecting this nation and this empire. During the last three years, in the development of the commonwealth air training scheme, Canada has become the schoolroom of the British empire in the matter of aviation. I realize that with a war on and far from ended, the main problem before us is that of the war. At the same time post-war aviation is a subject which should receive the consideration of parliament now and not be left to be considered solely by committees set up by the ministers.

The question of post-war airways is one of major concern. There have been few agreements made by Canada with respect to air rights and air transportation, and there are none, according to a return brought down, in answer to questions I asked some time ago, on May 24, which are valid "beyond the duration of the war or a short time after, or have any effect upon the control of international air routes or the operation of international or commercial air lines after the conclusion of the war." That is a quotation from page one of the return. The only pre-war agreement which seems to be binding on all is a multilateral agreement made on May 27, 1936, between Canada, the Irish Free State, Newfoundland and the United Kingdom respecting transatlantic air services. A summary of that agreement was given by the then Minister of Transport on July 30, 1936, and I am not going to refer to it. Canada occupies a situation of strategic importance in the post-war development. Prior to the war a question for consideration of several imperial conferences was the establishment of strategic naval bases. After this war a major consideration will be the establishment of strategic air bases as well. The polar projection maps show definitely that the air will be the future transportation medium in large measure after the war, and that the great transportation services of the future will be air-borne craft the size of which no one can now conceive.

What stand are we to take? What is our attitude to be? The matter comes under the jurisdiction of the Prime Minister, but I feel that the members of this house and the country at large are entitled to have information now as to what conferences are taking place and what attitude Canada will take at these conferences.

I suggest that consideration should be given now, with the collaboration of the United States and the other allied nations, to the organization of a British commercial air transport line, to commence operations after the end of the war, by which a world-girdling organization will be established, with each nation within the empire retaining its own domestic routes.

When the history of this war is written it may well be that Hitler's misconception of the character of the British commonwealth was one of the great mistakes which he made. He believed that without bonds of iron binding the empire together it would fall asunder; he did not realize the fact that what binds it together is the crown and the imponderables which go with British citizenship. I am going to quote in that connection the statement of Mr. Churchill some five months before the war, when, with that prescience which has characterized his statesmanship throughout, he used these words:

> Some foreigners mock at the British empire because there are no parchment bonds or hard steel shackles which compel its united action. But there are other forces far more compulsive to which the whole fabric spontaneously responds. These deep tides are flowing now. They sweep away in their flow differences of class and party. They override the vast ocean spaces which separate the dominions of the king.

I feel that if there is one thing we should do at this time it is to lay the foundations for welding together, still closer than ever before, the bonds of empire, and I know of no means whereby that can be effected to a greater extent, without antagonizing those of the united nations who to-day are engaged in the

common effort and crusade, than by the consideration of the development of an empire air scheme. Individual members of the empire cannot do it by themselves.

The Prime Minister has made a declaration with respect to the Trans-Canada Air Lines. He states that they will operate without opposition, that in so far as feeder routes are concerned they will be, I presume, under private initiative and control. We have to-day across Canada a vast number of airports. We have trained tens of thousands of pilots who move forward to all parts of the world in an ever-increasing stream.

We have all the facilities for a world air organization. We have men who, when the war is over, will return trained as airmen were never trained before, and in the development of an air scheme such as I suggest, employment would be given to many of these men, use would be made of our airports and facilities, and the bonds of empire would be strengthened.

The question arises, how could it be governed? We have the board of transport commissioners. We could set up a board such as that, with representatives of each of the governments affected within the empire. We cannot develop a world-girdling air institution here in Canada by ourselves and without co-operation. If we look at it from the purely narrow point of view of expediency, Canada has too small a population to maintain her vast domestic set-up in connection with air transportation, and to maintain as well a world air system after the war. Other parts of the empire are very much in the same position. Nor could we individually maintain the necessary aircraft production or continue the operation of such a vast scheme. But together, and in unity of purpose, the nations of the empire, without antagonizing the other united nations, could maintain powerful air routes in all parts of the world, the bases now established permitting of the development and expansion of such an all-empire route.

Canada has an important place to take in the post-war period. Canada can never return to the days before the war, the days when we did not as individual Canadians interest ourselves as we ought to have done in the world about us. Canada can never return to its pre-war position after the vast expansion in industry that has taken place in this country during the war. There is no more important subject now for the post-war than a declaration from the Prime Minister setting forth the attitude that Canada will take, and giving to the other parts of this empire the promise that when this war is over, in the interests of world trade and world peace, the air facilities of all parts of the empire will be devoted to the welfare of mankind.

I have not endeavoured to-day to introduce anything of a partisan nature. Our foreign affairs and our attitude to the empire must, I believe, be founded upon the wishes, desires and aspirations of our people, dedicated to the end that we as an empire, when this war is over, will so gird ourselves that the new world will be free from the blights of fear, international and national.

Mr. BROOKE CLAXTON (St. Lawrence-St. George): The hon. member for Lethbridge (Mr. Blackmore), earlier in the day, said that the Prime Minister (Mr. Mackenzie King), by saying little, had satisfied everybody on the foreign policy of Canada. I do not know about everybody, but certainly one may judge by the speeches that have been rendered in the later part of the afternoon that he did not succeed in satisfying hon. members opposite. However, I do not believe that they represent the majority of Canada in their view. The Prime Minister of Canada, in the views he has expressed not only to-day, but on previous occasions, has succeeded in representing that majority view better than anyone else in the recent history of our country.

Any one who listened to the speeches to-day, or some of them at any rate, would wonder how Canada had a foreign policy at all or even whether there is a country called Canada. I wish to assure my hon. friends that there is a country called Canada. It is a good country; it is the country we are fighting to preserve; and yet to-day we had the hon. member for Lake Centre (Mr. Diefenbaker) advancing the doctrine, which was new to me, that he could not imagine the races of Canada, the peoples in the various divisions of Canada, getting on together in any other relationship than within the empire, though a little later he said that Canada is the centre of the world. It is very difficult to reconcile these and other points of view expressed to-day.

We have had a number of interesting speeches, and there is a great deal in them with which every one of us can agree. But I find in some of them curious mixtures of reality and myth. There is reality about the nature of the world we are living in, but something stops and fails to carry over the speaker to see completely the consequences of that reality. I suggest that what has stopped these speakers from being consistent and right is a mistaken conception of the British empire, a conception which is not in accord with reality.

Lest I be misunderstood in any of the views I am now going to express, let me say with the most complete sincerity that no one could more fully appreciate what the British people have done in this war. I believe that in four respects the record of Britain has been extraordinary.

In the first place they had political institutions which are perhaps their greatest gift to civilization and which even worked in the moment of crisis, in the supreme hour of trial, to replace Mr. Chamberlain by Mr. Churchill. And I may say here that as far back as 1937 I was one of the few people who pursued the unpopular course in Canada of advocating the replacement of Mr. Chamberlain by Mr. Churchill at a time when it was most difficult to advocate that course. In the second place, under Mr. Churchill's leadership the British people held out and literally saved the world. In the third place, they produced the best planes and possibly one of the greatest fighting instruments the world has ever seen in the eighth army. In the fourth place, from the low watermark of centuries in the early months of 1940 they built themselves up to heights which will be the admiration of decent people for all time.

In paying this tribute do not let it be thought for one moment that I am forgetting the contribution made to our cause by Russia, although Russia gained time as a result of the defence put up by Britain. Before that China had given us time by her bitter struggle and sacrifice for so many years.

Having said this, may I be just a little technical for a moment. The empire, properly so-called, is the United Kingdom and the colonial empire. The commonwealth is the United Kingdom and the self-governing dominions of Australia, New Zealand, South Africa, Canada and whatever division Eire may be in. The nations of the commonwealth, apart from the United Kingdom, have nothing to do with the government of the empire and nothing to do with the government of each other, except in so far as there is still the vestigal remains of the lack of autonomy to which the hon. member for Témiscouata (Mr. Pouliot) referred to-day. They are there because we choose to have them. No one in Canada or elsewhere can take any pleasure from rattling the chains of subordination because, if we have ties of that kind, we have them because we want them.

We work together when it is in our interest to do so, and it usually is. The conception which most interests Canadians is not that of the British empire vis-a-vis the world; it is of the nations of the British commonwealth working with the world. I suggest to hon. members of this committee that in this distinction there is a considerable difference between some hon. members opposite and myself. I believe that my conception of the British commonwealth and what it means and what it can do for the world is a nobler one than theirs. I believe that mine is more in accord with reality, and with the interest and welfare of all of us. I believe it is more inspiring because it is based on the principle of freedom and on responsibility which is a correlative of freedom.

If because of ties of affection, tradition, literature and common political institutions, all symbolized in a common crown, the independent and autonomous nations of the British empire are drawn together so that they have a policy which is coincident, that is a much finer and more helpful thing than if we all had a policy which was arrived at in some other way by reason of our having only one voice, as was advocated by the hon. member for Vancouver South (Mr. Green). Our strength is in the freedom with which we are associated. Other nations will be more ready to work with that strength as we make them see and recognize that freedom. In that connection I differ fundamentally from the hon. member for Vancouver South. The conception I have of the British commonwealth is an association of free nations working together—

Mr. GREEN: Did I say that they were not free nations working together?

Mr. CLAXTON: My hon. friend suggested that they should have a common voice.

Mr. GREEN: In foreign affairs.

Mr. CLAXTON: Oh, yes; we are discussing foreign affairs to-night.

Mr. GREEN: You are discussing whether they are free nations at the moment.

Mr. CLAXTON: I am discussing the matter of having one voice, which was the phrase used by my hon. friend. The point I am making is that the way we arrive at that one voice is of fundamental importance, not only to us but to the nations of the world with whom we are associated. I suggest to my hon. friend and to this committee that the nations of the world will appreciate us and our value, and we shall have far greater influence if we can have a common voice from a consideration of our own interests rather than if we always speak with a single voice and have a single policy on every point.

The correlation of freedom is responsibility. But responsibility to whom? Obviously in

Canada we are not responsible to the people of South Africa, we are not responsible to the people of any other commonwealth country, we are responsible to the people of Canada. What brought us here, what brought our forefathers here, and why we aim to have our sons live here after us, is that we have an affection and devotion and loyalty to Canada.

Against this background may I consider the suggestion made by the hon. member for Lake Centre that there should be an imperial conference and an imperial war cabinet during the war. That has been discussed on a great many occasions in this house and elsewhere. My objections to it are twofold. In the first place, it is not practicable as a regular routine. The greatest usefulness any dominion prime minister or the Prime Minister of Great Britain can have is to lead his own nation in the fight against the aggressors, to direct the efforts of his own people. When it might be possible for Field Marshal Smuts and Mr. Fraser to go to London, it might not be possible for the Prime Minister of Canada and Mr. Curtin to go. It simply is not practicable to arrange to have an imperial war committee meet in London as a matter of regular routine throughout the war.

The first duty of the prime ministers of the commonwealth is to their own nations; they can make their greatest contribution to the common cause in their own nations. From time to time they may be able to meet with other leaders to discuss specific points, but the possibility of regular routine meetings by all of them is ruled out by the practical considerations to which I have referred.

Further, the experience of one commonwealth prime minister indicates a valid objection to the course to which the hon. member for Lake Centre has directed his evidence. I refer to Mr. Menzies who was away from his country so long that when he got back he found himself in a position in which he was defeated. It is impossible in these days of rapidly moving events and grave issues for any group of prime ministers to be out of their countries for any considerable length of time, to make decisions affecting their countries and be sure of being able to implement them on their return.

Mr. DIEFENBAKER: There was no election in Australia at that time.

Mr. CLAXTON: He was defeated in the house, of course. There is no difference whatever in that. He was out of touch with his country for four or five months, and within three weeks of his return from abroad he was defeated.

Mr. DIEFENBAKER: He had a very small majority.

Mr. CLAXTON: It was quite sufficient.

Mr. MACKENZIE KING: It looks as if he lost it while he was away.

Mr. CLAXTON: Then there is a second important consideration; the British commonwealth at the present time has no special interest distinct from that of the other nations fighting on our side. The interest of the United States in all the affairs in which we are interested is identical with ours. Their interest is in mobilizing the utmost strength to defeat the aggressor. It is the same as ours. We have no distinct interest in the British commonwealth at this time which differentiates us from the United States with regard to doing right throughout the world or which differentiates the United Kingdom from Russia in the fight in Europe, or China from Australia, New Zealand and Canada with regard to the struggle against Japan.

I would have supported my hon. friend if he had said we need additional agencies in the united nations to combine our strength to greater advantage than has been done up to now. I believe in time it will be found necessary to work out some system of combined strategy for Europe such as has been worked out in other centres of the world. Any system of cooperation will have to involve representation in some way or another of all the forces fighting on a particular front. But running all through the statements of my hon. friends opposite, of the hon. member for Lake Centre, the hon. member for Broadview and the hon. member for Lethbridge is, I believe, the conception of the interest of the British empire or British commonwealth as being separate and distinct from that of the interest of the rest of the world.

Mr. DIEFENBAKER: Would the hon. member permit a question?

Mr. CLAXTON: Certainly.

Mr. DIEFENBAKER: Is my recollection incorrect that the Prime Minister said earlier this session that the British commonwealth of nations and the British empire are synonymous terms?

Mr. HANSON (York-Sunbury): Yes, he did.

Mr. CLAXTON: I think the Prime Minister said that either one of them might be used.

Mr. DIEFENBAKER: Yes.

Mr. CLAXTON: But I do not agree that they are synonymous, for the reasons which I have stated. I should remind my hon. friend that I said I was speaking technically when I described the position of the British empire.

At this moment in history it is the triumph of the members of the British Commonwealth that they have no special interest. Their interests are the same as those of other nations fighting the aggressors. If this is accepted by us it means that we have a conception of the British Commonwealth which will be welcomed by all other nations. We should appreciate that when one of the British peoples refers to the other British peoples in terms of affection, the majority of the people of the world do not have the same degree of attachment to the British Commonwealth or Empire as British citizens have.

Let us look for a moment at the purpose of foreign policy. What is it? The purpose of foreign policy of any country is to pursue the interests of that country. The purpose of the foreign policy of Britain is to pursue the interests of Britain; the purpose of the foreign policy of the United States is to pursue the interests of the United States; and any prime minister who did not pursue what was conceived to be the interests of his country would be turned out of office. Of course it should be made plain to the people, with the growing development of affairs, that the interest of a country is bound up with the interest of every other country. But still the purpose of any national policy and foreign policy is to serve the interest of that country. That is true of Canada as it is true of every other nation. What is the interest of Canada? It is, of course, to secure the security and prosperity of the Canadian people. We do not differ from any other country in our foreign policy; we do not differ from any of the countries with whom we are fighting as allies, to pursue security and prosperity. But when we seek to see how that is to be done we get into practical questions of some difficulty. There is one first step on which we all agree; that is, that we must win the war, and we must realize that for us in Canada the time of greatest strain and sacrifice lies ahead. Second, we must recognize that what we are fighting for is the defeat of aggression. The sanctity of individual life. The chance to have a good life is not only our aim in war but also our aim in peace.

And we are helping to-day to make the conditions of peace. Everything we do in this or any other country is setting the framework of the post-war world. We may be sure that there will be no new heaven or new earth except in so far as we make it to-day or later by our united work. It lies in our hands to make it. It is only the part of wisdom to look ahead and try to learn from what is happening here as well as in the peculiar past to which the hon. member for Broadview referred.

The interest of the people of Canada in foreign policy is not academic. It is measured by 750,000 men in the armed forces, and by our harnessing our whole resources to defeat the enemy. It is shown in peace by the farmers in Saskatchewan, who know that the amount of money they have in their pockets will depend on world trade, world markets and world security. The war has brought out that the world is one. That is brought home to us by our place on the main roads of the air to Europe and Asia. It was brought home to us when five tired Canadian boys got off a plane on a summer night last year at Uplands after bombing Germany that morning. That cracked old conceptions of the world. The war has shown us that no nation is far enough away to keep out of a major war or strong enough to fight one alone. This applies to Russia and to the United States as well as to Britain; it also applies to Canada.

The hon. member for Lethbridge suggested that we should arm ourselves to the teeth in order to defend Canada. He then suggested that we should do so in conjunction with the other parts of the British commonwealth. I want to have not only the strength of the British commonwealth at my back in the world that lies ahead; in the world that lies ahead I want to have the strength of all the nations of the world organized into a community at my back, because there is no other way to prevent aggression.

Mr. BLACKMORE: Would my hon. friend permit a question? We wanted to have the support of all the nations in the world in 1940, but we just did not have it. If we had all been strong, the situation would have been a far different one.

Mr. CLAXTON: My hon. friend has brought up a question which would take a little time to answer. I would suggest the reason why we did not have the armed strength in 1940 and were not in a position to do in the aggressors and prevent their succeeding dates back to what happened at Geneva in 1920, 1924, 1931 and 1935. There was a long record of failures on the part of all the nations to live up to their obligations and to see their interests, to see that the only way they could avoid a war was to

prevent it. The only way to prevent aggression was by combining strength, just as to-day we are having to combine our strength in order to defeat aggression. It would be much easier to prevent aggression than it is to defeat aggression.

Mr. BOUCHER: Would the hon. member tell us how much he would like to contribute, and in what way he would like to contribute to that strength he so admirably wishes to have at his back?

Mr. CLAXTON: I would contribute our full share, as we are doing in the war. I would contribute our full share, whatever it may be. And because Canada has a special place in the world I would contribute more than what seemed to be our share. I would go the full limit, because we have a greater stake in security than almost any other nation. We have a finer country and we want to preserve it. We want to preserve our way of life here.

The only way to organize strength is by collective action. Surely it is obvious that if you have collective action you have to have collective instruments to direct the use of that collective strength. We are gradually building up those instruments during the war, through the instrumentalities of the united nations. We ought to try for faster progress in this, while we are united in the common purpose of defeating the enemy. If we get the habit of cooperation during the war, and develop the machinery that will work during a war, then we gradually move into the period of peace afterwards. But unless this is done during the war, then there is less chance of doing it after.

To-day the realities of geography establish that the world is one, that peace is indivisible, and also, as the Prime Minister said, prosperity is indivisible, too. The prosperity of every part of Canada depends upon the prosperity of every other part. We cannot have people in Ottawa, in Saint John, in Saskatchewan, prosperous, without other people in Canada being prosperous. The same applies throughout the world, to even a greater degree, because Canada has become more dependent on international trade during the war than she was even before the war. We can only support our standard of living, our national income, our prosperity—because that is what it is—if after the war conditions are secure through international action which will enable us to exchange our goods and services with other nations to about the same degree as we are doing during the war.

We can have security and prosperity internal and external, but we cannot have just security or just prosperity. And we cannot have it here and not somewhere else. It has all to go together. I suggest that not only is that lesson taught and preached by people like Mr. Willkie in his book "One World", but that it is coming to be the common idea among all the peoples of the world. They are awaking to the reality of it. A country like Canada can make a very considerable contribution towards this end. We can make it as a member of the British commonwealth of nations, and we can make it in working with other nations. The members of the British commonwealth of nations can make a great contribution. But we cannot make so effective a contribution if we have to speak with one voice. While we should try by consultation to have a common policy, we should not have a single policy, which is quite a different thing. The difference is fundamental to the concept of the world before us, and of the British commonwealth as I have tried to describe them.

If the British commonwealth were always to speak with only one voice to the rest of the world, then you would have the British commonwealth set off against the world, and the commonwealth countries would not be able to make their separate contributions to its welfare. Unity of this kind would defeat its own end. For example, you could not then have Canada join the pan-American Union, in the way the hon. member for Vancouver South suggested. The nations of the commonwealth can have far more influence if they happen to work together as five, six or seven nations than if they are one.

And also, this idea of a single foreign policy is unworkable. Who would declare the foreign policy? I am sure no prime minister or no government in England would agree that its foreign policy was to be determined by Canada or by Australia. They would not agree to it. Their interests are too serious to permit them to agree to it. We could not agree to it, either. But we should consult together, of course. In consequence of that consultation and in consequence of our common traditions and common interests we may arrive at policies which are the same. That may happen in nine cases out of ten, and when it does it will be more effective than if we struck out as a solid unit.

So that I suggest to my hon. friends that it is not in the interests of the British commonwealth of nations, or any member of it, that we should seek to have a single voice in foreign policy. Everyone agrees that we should work together with members of the commonwealth and other nations just as we are doing. I do not conceive of the commonwealth as being a sort of concentration of

power of a collective character, such as my hon. friends seem to think it is. I think of it as a great association which has contributed much to the world, and will contribute more. But its very lifeblood is freedom. And the very principle of freedom, which gives it its character, and which keeps us part of it, demands that we should be free to determine our own policy.

Then, also, we should determine our own policy because that is the only way in which we can get support for any policy in Canada. No one could get support in Canada for a policy determined from outside of Canada. In Canada we should seek to have a policy which would lead this country to take a most active part in the affairs of the world, because that is our interest. Our interest in the affairs of the world to-day is not exceeded by that of any other country; our power is, but not our interest. The best way to get the unity of feeling among our own people, which is the necessary basis of a foreign policy, is that it should be a foreign policy which is based on Canada's interests, and appeal to Canadians as Canadians.

Mr. HANSON (York-Sunbury): When the hon. member speaks about Canada's interest, does he mean self-interest?

Mr. CLAXTON: Of course, self-interest.

Mr. HANSON (York-Sunbury): We have no obligations to the rest of the world, then?

Mr. CLAXTON: Of course we have. Everything I have said should show my hon. friend that we have an obligation to the rest of the world, just as the rest of the world has an obligation to us. When I speak of self-interest I naturally assume the hon. member to think I meant enlightened self-interest; because our interest is not a selfish interest; it cannot be. We are interested in a world in which small nations will be secure. We cannot secure that condition by ourselves. We can secure it only by working together with other nations, and making our full contribution toward the common pool of security and prosperity.

This concept of the relationship was described by Lionel Curtis in his book Civitas Dei, written in 1937. Mr. Curtis is no separatist, as my hon. friends know, and he says:

> I am thus led to state a conclusion from which I have long shrunk. In spite of all that is said and written and of all appearances, the dominion have not as yet acquired the character of national commonwealths, and cannot acquire it until they have accepted in unequivocal terms the responsibility for peace or war. They cannot do this, nor feel they have done it, until they have notified to the world at large that they are not involved in war till their own governments have officially declared that they are so involved.
>
> The cabinet, parliament and electorate of a dominion which had once come to this point would begin to take an interest in world affairs to which they cannot be brought in times of peace, so long as the present conditions exist. They would cease to be screened from the hard facts by direct contact with which men learn what those facts are. They would have to provide for themselves the diplomatic machinery without which no government can follow the course of foreign affairs. They would lose the habit of mind induced by a satellite position—the habit of mind which prevents them from seeing the key position which they hold at this juncture of human history.

This statement was true in 1937 and has been proved to be true not only by the course of events since and by the participation of Canada in the war as the separate act of her own government authorized by her own parliament, but also by this discussion. We can only have a foreign policy which is unequivocal when we arrive at a foreign policy from considerations which are based on Canadian sentiments and Canadian interests. Among the first of those interests one would naturally say was the survival of Britain as in Canada's interest. It is important that we should recognize that we are fighting in this war because it is in Canada's interest to see the survival of Britain and ourselves rather than that we should fight automatically just because Britain is involved.

My hon. friend the member for Vancouver South suggested that there is danger of our getting a small nation complex. I must say that I do not know what a small nation complex is. But if a big power complex means that a power seeks to dominate someone else, and if a small nation complex is the opposite of that and means a desire to work together in harmony, I am all for it.

Mr. GREEN: Does the hon. member believe that it is the destiny of Canada to be always a small nation?

Mr. CLAXTON: As my hon. friend knows, Canada has great possibilities of growth, but the soundest foundation for the growth of Canada is in a conception of our country which all Canadians can share. That is fundamental to our progress. In the extremes of isolation, on the one hand, and a wrong conception of Canada's relationship with the empire, on the other hand we have extremes which make it extraordinarily difficult for us to have a united country and a united policy, although the people between the two extremes undoubtedly represent the great majority of the people of this country.

Speaking about small powers, Sir William Beveridge writing in *The Observer* said this, which I think will answer my hon. friend's question:

At the end of the last war, the aim was phrased by some as making the world safe for democracy. But democracy is a means, not an end. The aim for the next peace can be put better: we should decide to make the world safe for small nations.

That phrase implies all that is essential. If the world is safe for small nations, it will be safe for all nations. If the world is safe for small nations, it will be an ordered world in which the rights of each nation are determined by justice and not by relative strength, as in an ordered community the unarmed citizen is safe beneath the protection of the law. If the world is safe for small nations, it will be a world in which the human spirit can blossom in all its infinite variety of national cultures and not be beaten flat into a totalitarian mould.

How can the world be made safe for small nations? Not by their dependence on a larger neighbour, for that destroys nationhood. Not by their own arms and not by grouping themselves with other small nations; not even the largest single nation in the world to-day can be safe by its own arms, for safety does not mean living always on the brink of war, even if one survives war. It means security—being without the fact or the constant fear of war. Security for all nations, small and great, can come only through the enthronement of impartial justice between nations and the arming of justice with decisive force for her decrees. "The scales of justice", as Mr. Winston Churchill once said, "are vain without her sword". Who is to supply international justice with her sword and wield it for her?

The Prime Minister ten days ago said that Canada was a world power. While Canada is still a small power in terms of military strength and population she is great in resources, enormously great in possibilities. If the hon. member for Vancouver South by his interpolation meant that those possibilities were practically unlimited, then I agree with him completely. But the one basis on which we can grow steadily toward a greater maturity, a greater strength and a greater usefulness to the world, is that we should have conceptions of our country which can be shared by all Canadians, and not just Canadians of Anglo-Saxon descent or of French descent, or other descent, but Canadians of all descents. It should be remembered that some of them cannot have the same views of our country's relationships as some of us have. We should not go to any extreme of views in one direction or the other. In the middle there is an idea of Canada as a free, independent, autonomous nation, associated with the British commonwealth and with our neighbour, the United States, with whom we have closer relations than have ever existed between any other two nations before, a Canada willing, in fact desirous of playing its full part in the affairs of the world, because there is our interest and because our interest is not in any way separated from the interests of any other nation. We have no axe to grind, nothing to gain except security and peace for ourselves and our people; but as we gain security and peace for our people we can contribute to the security and peace of other people. Any conceptions that my hon. friends opposite have of the British commonwealth or any other association must be big enough to conceive of the world gradually growing into a community, because that is what it is becoming, and the sooner we shape our ideas and our ideals and our hopes to that conception, the better it will be for ourselves and for our people.

[Mr. Claxton.]

Mr. HANSON (York-Sunbury): May I ask the Prime Minister a question? Some days ago he promised to make a statement with respect to the position in the Canadian northwest, and during the course of his remarks this morning he said that he would do so. He omitted to do so. I do not suggest that that was intentional at all, but I do say that the people of Canada are very much interested in that subject and would like to hear from the Prime Minister upon it.

Mr. MACKENZIE KING: I did say I would do so later.

Mr. HANSON (York-Sunbury): I understood it was to be done later to-day. If that was not the intention, I misunderstood.

Mr. MACKENZIE KING: I will answer it right away. My hon. friend asked the following question on July 9:

Will the Prime Minister make a general statement or table the agreement between Canada and the United States covering the position of the latter as to its use of or interest in the Alaska highway after the war?

The answer to that is that the exchange of notes on the Alaska highway, tabled in the House of Commons on March 18, 1942, provided that:

At the conclusion of the war that part of the highway which lies in Canada shall become in all respects an integral part of the Canadian highway system, subject to the understanding that there shall at no time be imposed any discriminatory conditions in relation to the use of the road as between Canadian and United States civilian traffic.

Then, second, my hon. friend asked:

Will the Prime Minister make a similar statement or table the agreement as to the ownership, the interest in and use of the pipeline from the Fort Norman oil fields to the refinery at Whitehorse and in the refinery; the amount of money involved in the construction of the pipeline and the oil refinery?

The answer is:

Under the terms of an agreement between the Canadian and United States governments, the complete text of which cannot yet be made public for security reasons, the United States is paying the costs of the project and the Canadian government is providing sites for structures and rights of way essential to the project, and is also making oil rights available under proper regulations. The Canadian government has also agreed during the war to facilitate the entry into Canada of equipment, labour and personnel for construction and maintenance of the project, and to waive import duties, taxes, licence fees, et cetera. Royalties on oil produced under this project are also waived for the duration of the war. The United States government retains ownership of the pipeline and refinery until the end of the war, at which time they will be offered for sale, with the Canadian government being given prior right of purchase. Failing a satisfactory sale being made, the disposition of the pipeline and refinery will be referred to the Permanent Joint Board on Defence. It is impossible at this time to estimate the amount of money involved in the construction of the pipeline and refinery.

Then my hon. friend asked:

Will title to the land through which the pipeline runs be alienated to the United States or to any company, or will it remain the property of Canada?

The answer is:

Title to the land through which the pipeline runs remains in the crown in the right of Canada.

The last question was:

Will individuals or companies other than Imperial Oil have the use of the pipeline after the war?

The answer is:

Under the agreement between the two governments, the pipeline and refinery will be offered for sale at the conclusion of the war at a valuation set by two appraisers, one named by Canada and one by the United States. The Canadian government will be given the first option to purchase. If the option is not exercised within three months, the facilities may be offered for sale by public tender with the amount of the valuation as the reserve price.

Mr. HANSON (York-Sunbury): Thank you.

Mr. MACKENZIE KING: While I am on my feet I might clear up one other question. The leader of the opposition asked on June 28, when I tabled the inter-American radio agreement signed at Santiago in 1940, if the agreement had anything to do with shortwave broadcasting. I was not in a position to give an answer offhand at the moment, but the facts are as follows: the agreement deals principally with the employment of the frequencies in the band 1600 to 5000 kilocycles in a service of point to point, ship, aeronautical, police and amateur radio-communication. It does not in any way affect, nor is it concerned with the broadcasting in Canada in either the shortwave or mediumwave band.

The committee will see why I was not able to recollect the details at the time.

Mr. S. H. KNOWLES (Winnipeg North Centre): It has already been emphasized that this is a very important debate. The number of subjects within the purview of the Department of External Affairs is quite extensive, and all of them are exceedingly important. Other members of this group are dealing with some of the other subjects. I wish to confine my remarks to just one subject and, in fact, to one particular phase of that subject; I refer to the problems arising out of the refugee situation, and in particular to the terrible plight of the people of the Jewish race.

There are times, Mr. Chairman, when members of this house rise to speak because we know we are dealing with matters in which there is wide and keen public interest. I think it is only realism, as hon. members will recognize, to say quite frankly that this is a subject in which there can hardly be said to be wide public interest; rather it is a subject in which, I feel, a lead should be given to our people.

I rise to speak on this matter primarily because of humanitarian instincts which, I am sure, are shared by practically all hon. members, instincts which prompt many of us to raise our voices whenever the opportunity is afforded on behalf of people suffering untold persecution.

I should like to set the tone of my remarks and perhaps give expression to my attitude on this question by reading a few sentences from the printed copy of a broadcast given over the Canadian Broadcasting Corporation network last Easter Sunday by Watson Thomson:

> Retribution towards the nazi criminals is certainly not enough: any pagan, any nazi storm trooper can do that thing. Upon us is a higher and a harder obligation. Not to pity the Jews, not to sentimentalize over them, not to pass resolutions about them. But to rise up and act with all the passion of an awakened human conscience, and save Jewish lives. Save them—not to send them to Eritrea or Madagascar, but to live with them ourselves, learning to say what we like and what we dislike about them as those may who desire understanding and reconciliation, learning to listen to what they have in ancient grievance against us; so that the past may be eaten up into a tolerant present and carried forward into a creative future of living together.

It might tend to shorten my remarks if I were to give a few quotations which summarize the situation with respect to Jewish

refugees. I should like to read a bit from a pamphlet entitled "Let My People Go," written by Victor Gollancz:

> Of the 6,000,000 Jews or so who were living at the outbreak of the war in what is at present nazi-occupied Europe, a high proportion—say between one and two million—have been deliberately murdered by the nazis and their satellites.
>
> No discrimination has been made in favour of pregnant women, babies, children, the sick, the very old. On the contrary, discrimination, such as it is, has been in favour of men from whom an adequate last ounce can be got in German war factories.
>
> The murders are taking the form of random shootings, mass shootings, mass electrocutions, mass poison-gassing, and transportation in conditions which inevitably involve death during the journey. This is over and above slow starvation by the allotment of hopelessly inadequate rations, or no rations at all. . . .
>
> This policy, which has been pursued since the outbreak of the war, has been greatly speeded up during the last few months. Unless something effective is done within a very few months these six million Jews will all be dead except fifty thousand or so in the countries at present neutral and perhaps a few tens of thousands whom Hitler may find it convenient to work to the last ounce of their strength in his own war factories.

I turn now to a sentence in the broadcast given by Watson Thomson on Easter Sunday. It is very brief, but it tells a great deal about the horrible plight of these people:

> The armed guards surrounding the ghetto walls have a standard rate now of one hundred zlotys for which price they will consent to give a Jew the privilege of being shot at his own request.

I should like to call the attention of hon. members to another document which I think it would be well for everyone to read. It appears under the heading, "Starvation Over Europe." Its sub-title is, "Made in Germany." The book has been published by the Institute of Jewish Affairs, and I find in the back of it eight or ten pages of citations giving the authority for the material contained in it. The material has been collected from William Beveridge, the London *Economist,* the London *Economic Journal,* "World Economic Survey" of the League of Nations, *Foreign Affairs,* New York *Times,* New York *Herald-Tribune,* London *Times,* "Survey of Central and Eastern Europe" published by the League of Nations, "Central European Observer" published in London, and a whole host of credible documents and newspapers from all parts of the world.

This book sets out the stark fact that the nazis are making terrible use of the lessons of science with particular reference to feeding. It is pointed out that it is part of the German plan so to allot and apportion food among the peoples of occupied Europe that the strongest will be of course the Germans, both in Germany itself and in other parts of Europe; the next strongest physically will be those from whom the Germans can get work in their war factories; and so on down the list of various races and nationalities under the control of the nazis at the present time.

I read that Hitler's scientists not only made a careful study of what had happened in Germany during the last war. They closely calculated the subtle distinctions between minimum protective diet, malnutrition produced by specific deficiencies, slow starvation caused by denial of cell-replenishing foods, and finally actual famine. Their research also taught them that over a long period certain deficiencies spell disaster in the form of national debilitation and a stunted generation. Accordingly on the basis of this knowledge and research the Germans are doing two things. On the one hand, they are seeing to it that their own people are well fed, scientifically fed, so that they will be strong for the conflict in which they are engaged, and also for another eventuality to which I will refer in a moment. On the other hand, they are making use of the scientific knowledge which they have gained to see to it that the peoples whom they conquer are strong enough only to serve German ends, and as far as certain nationalities and races are concerned, particularly the Jews, that they pass out of the picture altogether.

I said there was another eventuality to which I would call attention, and perhaps I can do it best by quoting directly from the book:

> In their ruthless logic the nazi leaders have not ignored the possibility of ultimate defeat. Should Germany be destined to fail again on the battlefield they are determined that their system of feeding and starving, as applied during the war years, shall result in a radical and permanent shift in the demographic balance of power.

The Germans, in other words, realize that they can lose and may lose this war. They are determined that if they lose it, when it is all over, their people will be physically so much stronger than the peoples of other parts of Europe that, as it were, in starting from scratch on the continent of Europe, they will have a better chance in the scramble that will ensue.

Just in passing, I should point to the lessons that are to be drawn from that situation. They tell us, of course, that we should be making the fullest use of the scientific knowledge we have to make sure that in so far as it is possible, with the foods at our command, we should have a strong people both for the war and for the post-war period. They remind

us, too, of the problem that will face us when the war is over—the problem of feeding millions of people on the continent of Europe. It will be a case not only of getting to them so much bulk, as far as food is concerned, but of getting to them the right kind of food, which they are now denied, in order that they may rebuild a race whose physical condition will be seriously deteriorated. That, of course, has very wide implications for us in view of our situation as a largely agricultural country. May I give to the committee some of the statistics which have been compiled in this book. The material is set out in tables which are quite interesting, though they are certainly alarming.

First of all, on page 37 I find a table indicating the comparative meat rations allotted to the peoples of nazi-occupied Europe. The Germans of course lead with 100 per cent; Czechs, 86 per cent; Dutch, 71 per cent; Poles, in the incorporated area, 71 per cent; Lithuanians, 57 per cent; French 51 per cent; Belgians, 40 per cent; Serbs, 36 per cent; Poles in the general government area, 36 per cent; Slovenes, 29 per cent; Jews, zero. Then on page 47 there is another table giving the percentage of pre-war food received under present rations. These percentages are given in terms of calories per consumer unit. The Germans head the list with 93 per cent. The significance is that the Germans, both in Germany itself and in other parts of Europe, are getting 93 per cent of the calorie requirement of food they were receiving before the war. This is the table:

	Per cent
Germans	93
Czechs	83
Poles, in the incorporated area	78
Dutch	70
Belgians	66
Poles, in general government area	66
Italians	63
Norwegians	54
Jews	20

On page 48 is another table which gives the proportions of German rations received by the peoples of Europe, based on the calories per person normally consumed as of January 1, 1943. This is as follows:

	Per cent
Germans	100
Czechs	87
Poles, in the incorporated area	81
Dutch	80
Belgians	65
Poles, in the general government area	65
Finns	64
Norwegians	61
Italians	55
French	53
Greeks	31
Jews	21

There are several other tables in this book giving information along the same lines, and in each case the ratios are similar to those in the tables which I have given. I shall not take the time to give these in detail. One deals with the calories received in the present rations, and other tables indicate the amount of carbohydrates, proteins and fats being received by the racial and national groups under the control of the nazis at the present time. It is indeed a tragic use that is being made of scientific knowledge by the nazi people. There are many lessons contained in this information which we should heed, but I would point out in particular the plight of the Jewish people who are at the bottom of the list every time. I am not going to take time to recount stories of horror in connection with the sufferings of the Jewish people, because I do not consider that the way to move people to action. Rather we should consider the facts and figures such as I have given, and as human beings see if we cannot come to a decision as to what we are to do. I should like to refer hon. members to a memorandum submitted to the Bermuda refugee conference by the world Jewish congress. In the beginning of this memorandum reference is made to the conditions I have just placed before the committee and it goes on to say:

> The nazis have never concealed their determination to destroy European Jewry. As late as March 14, 1943, Doctor Goebbels, in an interview given to foreign press representatives, declared: "Germany is firmly convinced that the Jews are an international disease which must be exterminated in Europe."

Then on February 19, Doctor Goebbels made this further comment:

> "If hostile foreign countries raise a sanctimonious protest against our anti-Semitic policy and shed hypocritical crocodile tears over our measures against Jewry, that cannot prevent us from doing what is necessary. Germany in any case has no intention of yielding to this Jewish threat, but intends rather to exercise against Jewry our prompt and, if necessary, our complete and most radical suppression."

Toward the end of the memorandum appears the following:

> The warnings of retribution uttered repeatedly by the most authoritative spokesmen of the democratic world have had no deterrent effect on the enemy. There remain only two ways in which the total destruction of the Jewish population on the continent of Europe can be prevented: 1. The sending of supplies under proper safeguards to places of detention and remnants of Jewish communities which survive; and 2. To remove as many Jews as possible from nazi-controlled areas to places of refuge.

And again:

> If the gravity of the problem is not recognized, and action not taken immediately, the

victory of the united nations may mean nothing to the worst victim of nazi barbarism. Dead communities cannot be restored to life.

Then I quote from the appendix as follows:

The united nations should, without delay, take steps to designate and establish a number of sanctuaries in allied and neutral countries to accommodate substantial numbers of Hitler's victims and to serve as havens of refuge for those Jews whose release from captivity may be arranged for, or who may find their way to freedom through efforts of their own.

I was glad to note, in the Prime Minister's statement this morning that he had something to say about refugees, and that he dealt specifically with the problems facing the Jewish people. I was glad to note also a suggestion to the effect that Canada would participate fully in any programme that might be worked out as a result of the Bermuda conference or of any agreement that might be arrived at by the united nations. I suppose the question of whether or not we are doing enough as human beings is a matter of degree, perhaps I should say a matter of opinion. I do not wish to throw any cold water upon what is being done by Canada for these people and for Jewish children in particular, but I rose to place before the committee some bold and terrible facts as a means of expressing my own opinion that Canada is not doing enough.

I had hoped that when the Prime Minister got to the end of his remarks on the Bermuda conference he would have indicated some further steps which Canada would take without delay on her own initiative. In this connection I should like to quote from a note which appears on the back cover of the book from which I quoted a few minutes ago, entitled "Let My People Go." This was added to the book after it had been completed by the writer, Victor Gollancz. He refers to a letter which appeared in the *Daily Telegraph* of Wednesday, January 6, written by Sir Andrew McFadyen. Sir Andrew was general secretary to the reparations commission 1922-24, and of the Dawes committee, 1925. This is what he says:

A few weeks ago a deputation to the home secretary appealed for permission for the entry of 2,000 children from Vichy, France. The request was unconditionally refused, partly on the ground that it might cause an "outburst" of anti-Semitism here. That is a slander on the British people. News has just been received that of 2,000 children, from two years of age upwards, deported from Vichy France in cattle trucks, half were dead on arrival at their destination and the rest were dying.

The point is, Mr. Chairman, that waiting to help these people in the best way that we can later on is, in the opinion of some of us.

[Mr. Knowles.]

really not good enough in view of the fact that many of them—thousands, perhaps millions—will not be there to help. Many of them we could not help, no matter how much initiative the government or the people of this country might display. But it does seem to me, that as human beings we should do our best to provide as much sanctuary as we can for those people who can get away. I say we should do that because these people are human and deserve that consideration, and because we are human and ought to act in that way.

I intimated when I rose in my place that I realized this is not a subject of wide popular interest to the people of this country. After all, Jews are only a very small portion of our population. According to the census of 1931, they represented only 1·5 per cent of the population of Canada. We know there are people who have a dislike for the Jewish people. To be sure, Jews are human the same as ourselves and undoubtedly there are characteristics among them that people may not like, as is the case with all of us. They are also human in the sense that they deserve humane treatment. I remind hon. members that they are part of the human race and have contributed to the race some of the greatest characters in our history. The culture that they have given to us, particularly of a religious nature, is something that our civilization would be a great deal poorer without. May I emphasize also that to help these people would do us good. I believe it would increase our own sense of humanity, and increase our own consciousness of the fact that we are trying to establish a better world in which we will get rid of racial hatred, prejudice and antagonism. Somehow we in this country should rise up and do the generous and humane thing for these people.

I dare to hope that the government, fully conscious of the attitude of many people toward this question, might seek in this instance not to do just what they are being asked to do by some small sections of the population, but to give a lead in this matter. I say again these people—millions of them—we shall not be able to help, no matter how much of initiative we may display, because of the determination of the nazi regime to do away with as many of them as they possibly can. Yet there are many who could be helped if it were made known that there are areas of sanctuary in various parts of the world. I recall that this morning when the Prime Minister was speaking on this matter he referred to the necessity of secrecy, for military reasons. I believe his remarks were

to this effect, that we would have to be careful lest by making it known that we would receive Jewish or other refugees rather freely, it would result in the nazis taking advantage of that fact to send spies into this country. It is admittedly difficult—

Mr. MACKENZIE KING: That reference was not peculiarly to Jews; it was to refugees generally.

Mr. KNOWLES: I believe I made that inclusion in my remarks, if I did not I accept the Prime Minister's correction. It strikes me that secrecy is something behind which it is possible to do what ought to be done, or to do too little, or even nothing. I regret that the Prime Minister feels the necessity of putting secrecy upon this matter for that reason. I only hope the remarks that I have made and that others may perhaps make may convince the Prime Minister that, within such secrecy as it is necessary to have, he and the government should do everything possible to provide sanctuary for these people, because I am satisfied that, despite the feelings that there may be among our own people toward this race, an effort of this kind would do us good; it would help to increase our own sense of humanity; and it would help to make possible a better world with less of race prejudice, hatred and the things for which Hitler stands and against which we are fighting at the present time.

Mr. MACKENZIE KING: May I ask my hon. friend if I understand that he advocates doing away with secrecy, because he says he regrets there has to be secrecy used. Secrecy is only for the purpose of security. Do I understand him to say he advocates doing away with secrecy in the matter?

Mr. KNOWLES: I expressed the hope that if it is necessary to maintain that secrecy, and I have no option but to accept the Prime Minister's statement on his responsibility that it is, then within that secrecy I hope he will not make the mistake of doing too little, but that he will do all that is possible.

Mr. ROSS (Moose Jaw): May I ask the hon. gentleman a question? In the light of the speech he has just made, at the risk of being judged as over-suspicious with regard to speeches from that group, may I ask, would he state whether they intend to put a candidate in the Jacques Cartier constituency?

Mr. CASTLEDEN: That was a wise idea, was it not?

Mr. KNOWLES: It is not a question of what we intend to do; there is already a candidate in Cartier. I submit that it is an irrelevant question; it hardly deserves an answer, but I may say that there are only three federal constituencies in Canada where the Jewish people are numerous enough to hope to elect a member of their own race to this house. Any political party that would confine its interest to three constituencies only would not be politically wise.

I repeat, Mr. Chairman, I rose to speak on this matter solely because my humanitarian instincts would not allow me to keep my seat.

Mrs. DORISE NIELSEN (North Battleford): Mr. Chairman, by the look of some of the hon. members this evening it would appear that this subject is not a particularly popular one, and yet I consider it necessary to make a few remarks in support of what has been said by the hon. member who has just taken his seat. I am in agreement wth him that perhaps not quite as wide a section of our people are interested in this subject as should be. Yet I believe there is enough public sympathy and there are enough people in this country who are wondering why Canada is not able to take a greater lead among the united nations in helping the refugees from Europe to ensure sufficient interest in this matter to make it worth while. One unfortunate aspect of this whole problem is that the fascist propaganda has permeated farther than the nations under fascist control. If we do have to have in our own so-called democratic country a certain amount of anti-Semitic feeling, it is the product of fascist ideology and should have no place in any democratic country. The persecution of any minority people becomes, later, an obsession and madness. Intolerance is just a barbaric custom; it is a form more or less of a persecution mania which we thought we had left behind us long ago in the middle ages. To accept any form of intolerance is to debase ourselves to Hitler's level of intelligence and barbarity. I should like to quote from a book published in 1937, one which has been very widely read, and which has been acknowledged to be one of the finest statements prepared on the subject of the fascist state. It was written by Professor Brady, associate professor of economics of the university of California. He calls his book "The Spirit and Structure of German Fascism", and he quotes from a statement by Darré, reichminister of agriculture, in which he says:

> The Semites reject everything that pertains to the pig. The Nordic peoples, on the contrary, accord the pig the highest possible honour ... in the cult of the Germans the pig occupies the first place and is the first among the domestic animals ... This predominance of the pig, the sacred animal destined to sacrifices among the Nordic peoples, has drawn its

originality from the great trees of the German forest ... Thus out of the darkness of earliest history arise two human races whose attitude in respect of pigs presents an absolute contrast ... The Semites and the pig are faunal and thus physiological opposites. It is not unthinkable that the eating of pig flesh by the Semite sets up physiological disharmonies in his body ... The Semites do not understand the pig, they do not accept the pig, they reject the pig, whereas this animal occupies the first place in the cult of the Nordic peoples.

This is only one small illustration of the wholesale absurdity upon which fascist theories have been built, theories which to-day are responsible for the ghastly slaughter of millions of most innocent people. It is perhaps more necessary that we should understand why the German nazis used anti-Semitism as a weapon in their hands. I shall continue to quote from the same chapter by Professor Brady. He says:

By outlawing Jews it provides a partial solution for the job hunger of loyal nazi party adherents. The bulk of these active rank and file adherents fall into the middle strata of professional and trades people on the one hand, and politically active youth in search for jobs in these fields on the other. It is in precisely these fields that the Jews, comprising less than one-half of one per cent of the total population, were the most active.

He goes on to say:

The Jews served very well as "bogeyman" for the nazi strategists. The German peasant is led to believe that the Jew stole all his hard-won earnings away from him by some devil's magic on the commodity exchanges. The petit-bourgeois classes were told that the Jew aspired to control all professional jobs, ruin small tradesmen (note the campaigns against Wertheims and other large departmental stores), and dominate for "racial purposes" all big industry and the financial machinery of the country. Labour is asked to believe that cynical and self-seeking Jews, under the guise of Marxism, stirred up labour discontent which they could exploit to their own cruel advantage and in which they did, as a matter of course, continuously betray the interests they affected to represent. Young girls and women are taught that physical contact with the Jew will corrupt them biologically.

By these means the "attention of the masses was diverted" to see the Jew as the cause of low farm prices, high retail prices, adulteration of goods, onerous tax burdens for reparations payments, low wages, unsatisfactory labour conditions, and many other crimes against the Aryan people. . . . Needless to say, not only did the Jews not "control" or set interest rates, agricultural indebtedness, or speculative activity, but also the nazis did not abolish these activities. What they attempted to do was to lead the populace to believe that in suppressing the Jews, they had corrected the abuses of which so many had with such justice so long and bitterly complained.

There is without doubt a widespread feeling among large sections of the British people that more could be done to prevent loss of life at the present time. Reference has already been made to the pamphlet published by Victor Gollancz entitled "Let My People Go". It is a significant fact that over 150,000 copies of this small pamphlet have been bought by the British people since the beginning of this year. Some of our greatest world figures have expressed horror at the continued barbarity toward the Jewish people, notably the Pope, the President of the United States, Mr. Churchill and also our own Prime Minister. We are told by some that of course the solution is to win the war. Naturally I agree with that. One cannot quarrel with the truth of that statement. But the point is that while the united nations are straining every nerve and effort to do that, how many hundreds of thousands of these people are to be left to their horrible fate until the war is won. Cannot something more be done to prevent the slaughter of these people, before we are in a position to establish control over Europe? I would remind hon. members of the committee that sympathy for these people, alone, will not save their lives.

On December 17 last year a statement was made in the British House of Commons on this problem by Mr. Anthony Eden. He said at that time that those who were responsible for these crimes will receive retribution. But retribution in a year or two years' time will not save the lives of those who to-night, at this very moment, may be meeting a fate more tragic than either you or I could conceive, and they are meeting that fate at the hands of these demented sadists.

These horrors are so far away from us they have not touched us intimately as a nation. I should like to quote from this pamphlet written by Mr. Victor Gollancz, who is himself a Jew. I do not wish to add any horror, any more than anyone else does; and yet, as I said before, these things are so far away from us that I believe if we could only bring them near to us, and try to feel ourselves as these Jewish people and other refugees on the continent are feeling at this very moment, it might help perhaps to instill into us the necessity for doing something.

I quote this from page 8 of his pamphlet:

You will read that ten thousand are being sent every day from Warsaw to the slaughter camps further east: you will read that one hundred and fifty men, women and children are being packed into a sealed coach just big enough to hold forty, so that when they arrive the living, the dying, and the dead fall out together, and the peasants fly from the stench. Forget "ten thousand": forget "one hundred and fifty"; or rather, remember them only for purposes of multiplication, and in order to grasp the magnitude of the horror. For a few brief moments, be just one of those human beings, whose body,

with its nerves that can suffer so, and whose mind and soul, with all their resources of terror and despair, are concealed by the cold abstraction of "one hundred and fifty" and "ten thousand" and "six million". And then be another, and another. Be the mother flinging her baby from a sixth-storey window: be a girl of nine, torn from her parents and standing in the dark of a moving truck with two corpses pressed close against her; be an old Jew at the door of the electrocution chamber. And only then when you have been each of these for a few short moments, do the multiplication.

I would say that this is definitely not a Jewish problem. It is a problem of humanity itself. After the matter had been discussed in the British House of Commons by Mr. Anthony Eden, one of the members of the house, Miss Rathbone, wrote a letter to the *News Chronicle* of December 16, in which she said this:

Few people realize the rigidity of the regulations by which the home secretary now controls the entry of refugees to this country and the corresponding regulations affecting the colonies. Except for allied nationals specially asked for by their governments and a few children who cannot in effect be brought here, the door is practically barred. . . . The first step, therefore, is to demand the revision of these regulations, so that refugees for whom the only chance of escape from torture and death is a visa for a safe country shall no longer be met at every turn by the notice "you may not enter here". The whole matter has larger implications. The settlement during and after the war of refugees, especially the Jews, concerns not only the home office, but also the foreign office, the dominions and the colonies.

At least it seems that at the present time, through the good offices of some of the neutral countries, we might approach the fascist nations. I remember this morning the Prime Minister said that we can have no faith in them. I agree with him. Of course Hitler can either accept or refuse. Naturally there is the danger that he may use the method of infiltration, by sending his spies in among the refugees. Naturally the greatest care will have to be taken. It would seem to me that if we made some approach to the neutral nations it would give some comfort at least to the people in the occupied countries and even those in Germany who have still some spark of decency within them and realize the disastrous fate that is before the Jewish people and others. Surely adult refugees could be placed in concentration camps so that, with the very greatest care having to be exercised, not one of them could go outside for any purpose, and therefore the danger of spies to a very great degree would be controlled. In parts of Africa and Palestine it would appear that there must be room for refugee people. At present small numbers of refugee people are getting through to neutral countries, but the trouble is that the neutral countries are so small and are so overburdened with refugees that it is impossible for them to be continually taking more. Therefore they are forced to shut the door to further refugees. But if we were able to remove from some of the neutral countries the refugees who are already there and place them in camps in Africa or Palestine, it would make room for more of these unfortunates to come through to the neutral countries, and surely if it were only for the sake of a handful of refugees it would be worth the attempt. I quote further from Mr. Gollancz, on the question of allowing refugees into Palestine:

Palestine could absorb 50,000 Jews in its war industries immediately, to the great benefit of the allied war effort. There would also be room for thousands of children. The country and the allied war machinery are, indeed, crying out for more men. The military authorities need 30,000 unskilled and 5,000 skilled workers. Agricultural production in Palestine is gravely curtailed for lack of labour.

He continues:

In view of all this, what possible reason can there be, in common sense or humanity, for the present policy? What is that policy?

In the government White Paper of May, 1939, it was laid down that during the five years beginning April, 1939, 75,000 Jewish immigrants should be admitted into the country, and that thereafter Jewish immigration should cease permanently. This is not the place to discuss whether this restriction was compatible with the terms of the Balfour declaration, which declared the intention of setting up a Jewish national home in Palestine, or with the terms of the mandate based on it. Those who read the White Paper will perhaps feel in the very uneasiness of its phraseology the confession that, "for political reasons", a trust was being broken.

However that may be, 75,000 by April, 1944, was the number to be admitted. The number so far admitted is less than 40,000. That is to say, according to the terms of the White Paper itself, more than 35,000 immigration certificates are still outstanding during the next fifteen months. Is it conceivable that the government can refuse to grant them now, more especially in view of the economic needs of the country which have been mentioned above? Apparently it is conceivable. But if the refusal is persisted in, then the government cannot be held blameless for the fate of men, women and children who might otherwise have been saved.

It will not help any mother or any parent of a child in an occupied country to know that the murderer of the child will be punished at some future time. But we can try to save that child now, and if we fail to do so I think you and I might just as well acknowledge that the story of the Good Samaritan has fallen on deaf ears, that we have failed to apply that principle to the need which has arisen in our own day and age, and that like other nations we are passing by on the other side of the road and not heeding the cries of those who need our assistance.

We are fighting to-day the greatest robber and the greatest murderer of mankind that the world has ever known, and if you and I have a conscience we have to see that the necessary ways and means are found, even though a certain degree of secrecy will have to be maintained; for, of course, we must see that Hitler does not use anything we may do to further his own aims or help him in any way. I think it would be a good thing to let some of the German people know that we are aware of what is going on; for, after all is said and done, we have to realize that there are some, perhaps only a few, left of the German people who have a conscience and who realize what is happening. I quote again from Mr. Gollancz' publication. He says that on December 27, *Reynolds* newspaper:

> . . . publishes details of a manifesto issued by a conference of all anti-fascist groups in Germany, which recently met secretly, and which declares that peace will be possible only after complete destruction of the Hitler regime, that all concentration camps must be closed, that all anti-Jewish and race laws must be annulled, that religious, economic, political and press freedom must be reestablished, and that there must be a foreign policy based on peace and international cooperation. The manifesto is being broadcast by the secret German Freedom Radio, at the risk of death or torture for everyone involved, and is being directed to the German army as well as to the home front.

We must not neglect to realize that there are some people in Germany who would help if only we would let them know across the distances of the world that we were endeavouring to do something. I cannot help feeling that there is need for Canada asking Britain for a revision of the regulations regarding the entry of refugees. If we were to help the neutral countries to evacuate the refugees who are already there to parts of Africa and Palestine, it would be possible for more refugees to go into the neutral countries from the occupied countries of Europe. I believe that this country could collect money for the necessary camps, food, ships, transportation facilities and so on for this service. Broadcasts could go out from this country and from other countries, and the Catholic people of this country should ask the Vatican to send out broadcasts, because they would possibly be listened to by more people in the occupied countries than broadcasts coming from our own or from the British government. In that way we could feel that we had at least tried to do something for these unfortunate people, and we would have the satisfaction of knowing we had done our best for these people—not Jews, nor Czechs nor Poles—just people, remembering that what was said long ago still holds:

> Inasmuch as ye have done it unto one of the least of these my brethren, ye have done it unto me.

Mr. THOMAS REID (New Westminster): Mr. Chairman, we have listened to various subjects discussed to-day. I rise more particularly to draw to the attention of the Prime Minister and of the committee a subject of vital interest to the people of Canada, although perhaps of more interest to the people of the Pacific coast.

I wish to draw to the Prime Minister's attention a matter which might affect our fisheries, particularly the fisheries of the Pacific coast. The matter I have in mind has to do with the waters off our Canadian shores and beyond the three-mile limit.

Dealing with our salmon fisheries, may I say to the members of the committee that all the salmon caught off the Pacific coast of British Columbia and in our rivers are born and reared in Canadian waters, streams and creeks. After a period there of from one to two years they go out to sea and return, according to the variety of the salmon, in either three or four years, with some varieties staying out until they are almost five years old. Then they return from the open sea and head inward to the Fraser river and other Canadian rivers.

During the time they are at sea these fish feed and grow on what is known as the continental shelf, which is a ridge rising from the bed of the ocean to within two or three hundred feet of the surface. This ridge or continental shelf runs parallel to our entire coast-line at a distance of some twenty miles off shore. It is along these banks that the salmon feed until the time comes for them to return to the place where they were born for the purpose of spawning, after which they die.

I urge upon the Prime Minister that these waters should be recognized as Canadian or United States waters for the protection of our salmon and for fishing purposes. Vessels from any country could come along and wipe out our entire salmon fishing industry by fishing the continental shelf. The United States and Canada have entered into a treaty to rehabilitate and preserve the sockeye salmon fishing. At the last meeting of the International Pacific Salmon Fisheries commission a resolution was passed which I should like to place on the records of the house, because the matter is of vital concern not only to the

people of the Pacific coast but to all our people as well. The resolution reads as follows:

Whereas, the International Pacific Salmon Fisheries Commission was created pursuant to a convention entered into between the United States and the Dominion of Canada primarily for the purpose of rehabilitating the Fraser river sockeye salmon supply, and

Whereas, it is confidently expected by the commission that its projected work in the removal of obstructions and in the regulation of the fishery will be successful, and

Whereas, said convention included within its terms the territorial waters and the high seas westward from the Dominion of Canada and the United States of America within lines therein described, and

Whereas, it seems probable that it will be practical for fishermen and vessels of other nations to operate on Swiftsure banks and other places more than three miles off shore and if permitted to do so in disregard of the regulations adopted by the commission, may drastically interfere with the restoration of the salmon supply referred to.

Now, therefore, be it resolved that the attention of the governments of the two nations be called to this situation in order that such steps may be taken as, in the opinion of said governments, may appear advisable.

It is most important now, I believe, that steps be taken by both the United States and Canada in this matter, and I would ask that the Prime Minister's office start negotiations with the United States along the lines outlined in the resolution.

I would draw to the attention of the committee that the terms of the treaty concerning sockeye salmon fisheries which was concluded between the United States and Canada specify very vaguely the extent of our jurisdiction over the offshore waters, because article 1 of the treaty provides that it shall apply to the following waters:

The territorial waters and the high seas westward from the western coast of the United States of America and the Dominion of Canada.

I maintain that the limits set should be more specific and definite; as the treaty stands, these waters would extend right out to the shores of Japan. What we are asking is that we go at least as far as the continental shelf where the sockeye salmon feed for three or four years before returning to Canadian waters.

There is another matter along similar lines that I should like also at this time to bring to the attention of the Prime Minister and to the members of the committee. This has to do with the waters lying between Queen Charlotte islands and the mainland of British Columbia, and known as Hecate strait.

Queen Charlotte islands are a large group of islands extending 100 miles in length and have an area of 4,005 square miles, in size about twice the size of Prince Edward Island. The territory equals over 20 million acres of land. The narrowest width of sea is at the north end, which is only some nineteen miles from the mainland, whereas at the south end it is some fifty miles wide.

The waters between the islands and the mainland are known as Hecate strait, and at the present time these waters are fished by both Canadian and United States fishermen.

Since Canada has not designated these waters as "Canadian waters", there is nothing, however, to prevent fishing vessels from any foreign nation from fishing within the strait itself.

I wish to bring to the attention of the Prime Minister that Canada did take some steps some years ago. As long ago as 1896 Canadian patrol vessels warned foreign fishermen against operating in these waters. Captain Walbran of the D.G.S. *Quadra* reported that in that year he had warned United States vessels they were fishing in Canadian waters, and that these, after having been warned, left the strait.

There are many instances in the world today where certain countries claim territorial rights extending considerable distances over large expanses of water, and it may interest hon. members to know that the so-called three-mile limit, which is usually referred to as the limit which a country should have in the exercise of its rights, differs entirely throughout the world. In fact, there is no such thing as an international law on the matter. Some countries, like Russia, established a twelve-mile limit. The Bering sea tribunal in 1893 established a sixty-mile zone for fur-seals. Delaware bay, which is twenty miles wide, is recognized as within the territorial jurisdiction of the United States, while Chesapeake bay, which is twelve miles wide at the entrance and extends 270 miles long, is entirely closed to all foreign fishermen. Hudson bay is another example. Canada prohibited any fishing in Hudson bay for anyone without a licence from the dominion.

Great Britain, which has throughout long years fought for the freedom of the seas, itself prosecuted a Captain Mortensen, who was operating a Norwegian steam trawler called *Niobe*, which vessel was seized for fishing in Moray firth. Captain Mortensen was fined for fishing five miles from shore.

Uruguay exercises control over one-half of the river La Plata, though the river at its mouth is 135 miles wide and is fifty miles wide 100 miles from the open sea.

Going back to ancient history—this may interest hon. members who may believe in the universality of the so-called three-mile limit—Venice once claimed and enforced the entire Adriatic sea, which was 500 miles long by

100 miles wide. Every ship entering there was searched; even the Pope of that day protested about his ships being molested.

The first definition of the three-mile limit occurred in 1818 when a treaty between Great Britain and United States was signed, but it is interesting to note that neither of these nations has fully adhered to this. Even the mile has differed over a period of time. The mile in Queen Elizabeth's time was 5,000 feet; in the 38th year of her reign it was 5,240 feet. The Spanish mile is 4,656 yards; the Dutch, 8,240 yards; the French, 4,263 yards; the German short mile, 6,859 yards. Therefore, when one speaks of the three-mile limit, what does that actually mean; which mile are they speaking of, the English land mile, which is 5,280 feet, or the nautical mile, 6,075 feet, or do they refer to the French, Dutch or that of the Spaniard?

Here we have, Mr. Chairman, large islands lying off the Pacific coast, and no steps yet have been taken to preserve for fishing the waters lying between them. It is my opinion that steps should be taken now to declare that the waters lying off our shores and between Queen Charlotte islands and the mainland, known as the Hecate strait, be known as Canadian waters, and I am appealing to the Prime Minister now that the matters that I have spoken of be taken seriously and that steps be taken to discuss this situation both with the United States and with our own Canadian departments.

May I point out that this is an opportune time for making an approach to the United States in the matter. It may interest hon. members to know that the United States and Canada are the only two countries in the world which have treaties with regard to fish. The treaty they put into effect to protect the fur-seals has increased the fur-seal herd from 100,000 to a flock of upwards of 2,000,000 and brought a net revenue to this country of $312,000 last year. Our halibut might have disappeared entirely by now if the United States and Canada had not entered into a treaty to protect and rehabilitate the halibut, which is fished for off the Canadian and Alaskan shores.

Coming to the recent salmon treaty signed by the United States and Canada to rehabilitate the sockeye salmon, I might point out that at one time the catch in the Fraser river waters amounted to two and a half million cases, whereas last year, which was quite a high yield year, some 600,000 cases only were canned by our fishermen.

There will be a great demand for food after the war. There will also be a great demand for fish. No steps have been taken to exclude from fishing off our shores fishing vessels of other nationals.

In 1938, at a conference on the Pacific coast of representatives from various north and south American countries, as well as representatives from Japan, it was pointed out to the delegates that the halibut was protected and had been increasing as a result of the treaty and that the salmon was also protected and was not allowed to be entirely destroyed, but the Japanese delegates at that conference said to the gathering, "We have caught salmon and other varieties of fish off your shores, but we never noticed either the union jack or the stars and stripes on their backs." In other words, they took the view that fish in the open seas belong to any national or any person who goes after them and catches them. We take a different attitude, especially as they are born in our waters. We say that owing to our protection and the treaty between the two countries, both halibut and salmon have been increasing, and we argue that they would probably have disappeared in some of the fishing banks had the two countries not entered into such a treaty. In fact, we have led the world in the matter of fishery treaties.

I am strongly of opinion that steps should be taken now with regard to the waters off our shores in the Hecate strait as well as the strait of Juan de Fuca, where our salmon feed on the continental banks.

Mr. MACKENZIE KING: The Department of External Affairs and the Department of Fisheries have been looking into the problem of the Pacific coast fisheries, both the halibut and salmon fisheries. I shall be very glad to take careful note of what the hon. member has said, and I welcome from any source suggestions that may prove helpful.

Mr. NORMAN JAQUES (Wetaskiwin): I do not propose to make my remarks of any length to-night, but I would refer to certain statements made this morning in committee. I have here a cutting from to-day's Ottawa *Journal* in which I am charged with hating the Jews. I will not read the whole thing, but this is not the first time that my name has been bandied about the country and has appeared in the press as a Jew-baiter by some, and a Jew-hater by others. It seems to be taken for granted that merely to criticize, in fact merely to mention a Jew, is to lay oneself open to the charge of being a Jew-baiter, and coming from the Cooperative Commonwealth Federation group, as it did this morning, I think that only

adds to the offence. Surely if there is a group in this house the members of which are wont to express their hatred for this person or that person, whenever they rise in their places, it is the group—not all of them, but some of the group—of the Cooperative Commonwealth Federation party, as I believe the Minister of Finance remarked the other night. Apparently anybody who manages to make more than an average success of his affairs is attacked, or at least is regarded with hatred by some of the members of the Cooperative Commonwealth Federation group.

On another occasion I was speaking on the budget, and I read a list of the leading international financiers whose names were all household words. I merely read the list. Everybody knows them, and I merely asked, how many are British names, how many French names, and for that matter how many Christian? At once I was assailed. In fact, the hon. member for Essex East (Mr. Martin) immediately rose to his feet and said, "No Jew baiting." That got out into the press. Later on, the leader of the Cooperative Commonwealth Federation was speaking in the house and he referred to my criticism of the address that Mr. Sandwell gave some months ago on the League of Nations, in which he advocated that the Canadian people should surrender their loyalty to the crown and hand it over to international control.

I have here a copy of an editorial in the Winnipeg *Free Press*. It says:

> Mr. Jaques raised the question of whether the views of B. K. Sandwell, the Toronto editor, on a supranational world order were seditious. When M. J. Coldwell, the C.C.F. leader, who is a member of the League of Nations Society, sought to reply, Mr. Jaques interrupted by muttering, "Jewish bankers", and "gold standard." Mr. Coldwell said, "I am afraid my hon. friend has the gold standard on his brain."

I will challenge anybody in this house to find those words on *Hansard*. I never said that.

Mr. COLDWELL: Not on *Hansard*, because you always mutter them and some people cannot hear them.

Mr. JAQUES: I never said that, and the hon. member will have to take my word for it. I said the gold standard, and I say it again. That is what they are working for.

Mr. REID: That is nothing to what they say about me regarding the Japanese.

Mr. JAQUES: More than that, Mr. Chairman, I am perfectly willing to stand on my reputation in this house and out of the house, too, as a loyal citizen of Canada, and I will challenge anybody in this house or out of it to find one authentic quotation of mine in which I have showed in any way that I am either a Jew-baiter or in favour of Jew persecution. I will say more. I happen to be one of the few members of this house who, in September, 1939, demanded, in the name of this group, that Canada should wage total war against the German nazi gangsters. I could quote those views if necessary, but I think that is remembered by those who were present in the house. As the Montreal *Gazette* in an editorial recently said, the Social Credit group was the only group in the house at that time who stood and demanded total war against the nazi gangsters. I am not saying, "I told you so." I am not making the statement in that sense; I am merely saying that actions speak louder than words. What was the attitude of those members, and especially the leader of the Cooperative Commonwealth Federation who is now such a champion of the persecuted Jews? I quote from *Hansard* of September 9, 1939, at page 55 as follows:

> Canada should be prepared to defend her own shores, but her assistance overseas should be limited to economic aid and must not include conscription of man-power or the sending of any expeditionary force.

I do not wish to rub that in at all; I am merely stating it. Perhaps I had better address it to the Jews and ask them who are their best friends. Suppose Britain had received no aid and had gone down, as she was within an ace of doing. The result might have been that Hitler would have controlled the western hemisphere as well as the eastern hemisphere, and the granting of aid to all persecuted minorities would have been impossible.

The cause of the little flare-up this morning was a remark I made which was not heard by *Hansard*. The hon. member for Rosetown-Biggar (Mr. Coldwell) was speaking as usual in a sort of global way, although I have never accepted his global authority. My own private opinion is that it is "globaloney", but when he claimed that his memory goes back two thousand years I found that a little too much to swallow. The hon. gentleman told the old story or fable if you like, about Joseph and the Jewish refugees going into Egypt and becoming the parents of the founder of our Christian religion. I merely said that the only thing wrong with that story was that he was not a Jew. My authority for saying that is the Dean of St. Paul's, who, I take it, is an eminent authority on the subject. I do not profess to be an authority at all.

Those who are so solicitous at the present time for the fortunes of the Jews in Europe are precisely those who opposed any preparation or rearmament against the growing threat of Hitler. I make that statement without fear of challenge. All minorities, including Jews, have enjoyed greater protection and justice and have received fairer treatment under British rule, under British crown, or even, if you like, under British imperialism than under any other control. I say that without fear of contradiction. But it is precisely those people who profess such sympathy for these wretched, persecuted minorities who are working and have been working tooth and nail to destroy that very British protection. That is the stand I take.

I think I can say for the party to which I belong, for that matter for the whole Social Credit movement throughout the British empire, that we anchor ourselves absolutely to the British crown. We believe that that is the best guarantee of peace and justice for the minorities and, if you like, for the majorities as well. We are utterly opposed to any scheme or any proposal or any plan that would surrender any part of that control to any international organization for any reason whatever. We believe in cooperation as there has been cooperation for the last hundred years with our neighbour to the south. Why interfere with relations which have been so peaceful and pleasant in the past?

I think most hon. members will realize that I am not likely to rise and talk merely for the sake of talking. I am talking to-night because I feel it is my duty to do so. I think that is realized by every hon. member. And I say to those outside the house that although the flesh may be weak, I can assure them that the spirit is as strong as ever. I realize the charges that will be made in the press after this morning to the effect that I am a Jew-baiter or a Jew-hater. Let me say that since the session of two years ago I have faced the grim reaper, not for a few minutes but for many months. As I lay in the hospital I thought deeply and long. I do not think I need to assure hon. members that I have no axe to grind. I have no ambitions in this world other than to establish the truth as I see it and to make conditions better for those who follow me. As I say, I have no ambitions, and, if I had, they would be out of the question, of ever leading a party or planning the order of this country, let alone of the universe. That is not for me. Perhaps I have an advantage to make up for that. I have no fear of any individual or any group of individuals. Why should I have? I have nothing to lose. The idea which is prevalent and which seems to be growing that the Jews are above criticism, or that to criticize a Jew or even to mention the fact that anybody is a Jew is to lay oneself open to the charge of Jew baiting is preposterous nonsense, and I do not propose to take the slightest notice of it. I am not afraid of any man whether he has a hooked nose or a forked tail. Why should I be? Immediately the Jew is criticized, somebody takes the attitude that nobody has any right to do it and, if he does it, he is indulging in sacrilege. That is a most dangerous idea, and it is a warning, if I may say so, of what might happen were this minority to achieve the control which some people believe, and perhaps for good reason, that they hope to acquire throughout the world. For that reason, if for no other, I and the group to which I belong are utterly opposed to any surrender of the sovereignty of the British empire or of Canada. We are all part of the British empire. We believe in it. Within the British empire all peoples, including minorities, have had better and fairer treatment than under any other that has existed on earth.

I do not feel able to continue to-night, but I hope to make a few more remarks later on in this debate.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Chairman, I hesitated to say anything earlier in this debate, although the question of external affairs is one in which I am deeply interested. There is a great deal to be said in regard to the matter that was referred to by the hon. member for Winnipeg North Centre and by the hon. member for North Battleford. It is amazing that any hon. member in this house could speak so lightly at this time on that question, as the hon. member for Moose Jaw did in the question he asked. It shows a callousness of mind and an emotional immaturity that is hardly understandable in an hon. member of this house.

As the hour is late I shall emphasize only two points. First, I believe that our future depends on working out a foreign policy along with the other nations of the world.

The Prime Minister this morning stated that the time was approaching when we must begin to shape the outline of the new world that is to follow after the war. It is to be regretted that he did not give us more information in regard to what the government's policies are. I believe the time has

come when we must begin to formulate policies, and in that regard I would say our approach this time must be different from what it was in the period between the last war and the beginning of the present war.

If we are to have a successful international policy—and when I say "we", I mean Canada in cooperation with the other nations of the world—we must have a positive policy. The trouble with our policy in the period between the first world war and the second world war was that it was not a positive policy for peace; it was a negative policy to avoid war. I well remember the stock answer that we were given in the house when we asked questions about the government's attitude toward such matters as the Spanish affair, or about the shipment of war material to Japan. We were always told by the Prime Minister that his great concern was to avoid war, not to do anything that would give cause for offence. That was the sort of attitude that led to the present war.

I am firmly convinced that the democratic nations of Europe, Great Britain and France particularly, although they are largely responsible for the war, did not wish war, did not want war, did not consciously prepare for it. They were set on maintaining things as they were, of maintaining their privileges, their place in the world. They allowed the aggressors to prosper in order that the armed forces of Germany would crush a workers' revolution, of which they were afraid. Let me repeat that the essential thing in a new foreign policy to prevent war is that in the first place it will be a positive policy.

I am very happy to-night to find myself in accord with nearly all that was said by the hon. member for St. Lawrence-St. George. I think he made a most excellent speech and said many things that needed to be said. I agree with the statement that we must put our trust in a system of collective security when this war is over. I believe also that we must begin building that collective security system now. I see no hope for security for Canada in any combination outside a collective security system that will give security not only to Canada but to every nation in the world.

I was surprised this morning to hear the hon. member for Vancouver South say that the British commonwealth of nations and the United States should form an alliance, and that they should tell the world that they are forming an alliance. I admit the sincerity of the hon. member's approach to the question; but to my mind nothing could be more dangerous at this time than for two of the powerful partners in the united nations to say that they intend to form a close alliance. If the United States and the British commonwealth of nations, two of the large units in the united nations, will form an alliance, what is to prevent Russia and China from forming an alliance? We would have again the same old power blocks, one against the other.

I may not know a great deal about international affairs, but I submit that that is not the way in which world peace can be maintained. We have before us a choice of one of two things. We have a choice of being a partner in a system of collective security, where each nation in that collective system will have protection against aggression from any quarter, or we can go along forming alliances and building up balances of power, which policy will ultimately lead to a war such as that in which we are now engaged. Any system of security will also have to be one based on the equality of the nations.

The hon. member for St. Lawrence-St. George said this evening that we of the British empire, or the British commonwealth of nations, whichever you like, were a very fine people, indeed, but that unfortunately the rest of the world did not have the exalted opinion of our virtues that we have ourselves. I was recently talking to a gentleman who holds a high position in this country. Some three years ago he had taken advantage of an opportunity of flying from the United Kingdom to Australia by the usual route—Lisbon, along the Mediterranean, crossing to Egypt and Persia and India, and then along the South Sea islands to Australia. He told me that in all the places visited on that trip he did not meet any native peoples who were friendly to the British empire. He said that where they were not neutral as to which of the warring nations they would have rule them, they were definitely hostile. His statement was that their attitude was largely owing to the superior attitude adopted by the people Britain had sent to those countries as governors.

What is said by the hon. member for Wetaskiwin (Mr. Jaques) may be quite true, namely, that by and large the British government has given government as good as or better than any other country. The fact remains, however, that the British government was ruling larger sections of the world than any other country, and governments are usually unpopular. The government you have not is usually better than the one you have.

The British empire has a great deal for which it is responsible, because it has had tremendous opportunities.

The hour is late, and I do not wish to say anything further, except that I want again to emphasize that if we are to reap the fruits of the sacrifices of this war; if we are to get some return in peace and prosperity for the young lives that are being sacrificed in this war, we shall get it only through a system of collective security, in which each nation—Canada included—will become a guarantor for the peace and safety of all nations.

Item stands.

Progress reported.

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

Monday, July 12, 1943

The house met at eleven o'clock.

THE WAR

LANDING OPERATIONS IN SICILY—PARTICIPATION OF CANADIAN FORCES

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, in the brief review of the progress of the war which I gave to this house on Friday morning last, I said that the North African campaign had marked the triumphal close of an important chapter in the war. I also said that the new German offensive against Russia launched earlier in the week, along with recent intensified bombings of the strategic areas over Europe, marked a place of new beginning. I intimated too that the aerial and commando assaults against Italy and the islands of the Mediterranean were parts of a single strategy which the immediate future might be expected rapidly to unfold and of which the liberation of the French empire in Africa was both an essential and a memorable prelude.

Since the house adjourned on Friday evening, events in the new phase of the war of liberation have unfolded with great rapidity. Hon. members, I am sure, will wish to have on the records of our parliament the text of the communique which announced the attack which has, as its ultimate objective, the unconditional surrender of Italy and Germany, and the beginning of the first major land operation in which Canadian forces have taken part in the present war. The communique was received at midnight from allied force advance headquarters in Algiers, North Africa. It was made public immediately, which was July 10, Ottawa time. It reads:

> Allied forces, under the command of General Eisenhower, began landing operations on Sicily early this morning. The landings were preceded by allied air attack. Allied naval forces escorted the assault forces and bombarded the coast defences during the assault.

A supplementary communique was issued by the war department at Washington at 12.20 a.m., July 10. This disclosed that the allied forces concerned were Anglo-American-Canadian forces.

Following the issuance of the communique from General Eisenhower's headquarters, an *avis* or notice was read on General Eisenhower's behalf to the people of France making clear that the offensive launched against Sicily was the first stage in the liberation of the European continent, but equally clear that the general invasion of Europe had not as yet begun. The people of France were asked to remember this, to remain calm and not expose themselves to reprisals by acting too quickly. They were told that when the time for the general invasion came, they would be informed accordingly.

The text of this announcement to the Frenchmen of metropolitan France was in the following words:

> Anglo-American-Canadian armed forces have to-day launched an offensive against Sicily. It is the first stage in the liberation of the European continent, there will be others. I call on the French people to remain calm, not to allow themselves to be deceived by the false rumours which the enemy might circulate. The allied radio will keep you informed on military developments. I count on your sang-froid, and on your sense of discipline. Do not be rash, for the enemy is watching. Keep on listening to the allied radio, and never heed rumours. Verify carefully the news you receive by remaining calm, by not exposing yourselves to reprisals through premature action, you will be helping us effectively. When the hour of action strikes, we will let you know. Till then help us by following our instructions—that is to say, keep calm, conserve your strength. We repeat when the hour of action strikes, we will let your know.

For all time, Canada will be justifiably proud of the fact that, when the attack for the liberation of the conquered and enslaved countries of Europe was launched by the armed forces of Britain, the United States, and Canada, on European soil, units of the Canadian army were at the spearhead of the attack.

As to the size and composition of the Canadian forces taking part in the invasion of Sicily, I am, for reasons of security, limited to saying that the force is a substantial one, and that Canada's fighting men, in this assault, have been drawn from every province of the dominion. They include both French-speaking and English-speaking Canadians.

The knowledge that the force is representative of so many parts of Canada will heighten our pride in their selection for so important a task.

It is a further source of satisfaction for our country to know that squadrons and formations of the Royal Canadian Air Force had a significant place in the operations against Sicily.

It is too early to make a statement on the progress of operations in Sicily in which our forces, together with forces from the United Kingdom and the United States, are engaged. The first reports of the allied landings indicate that the initial phases of this vital operation have proceeded according to plan, and that the allied forces are now striking deeply into Sicily. The success of the initial landings is a tribute to the careful planning which preceded this vast undertaking and to the close cooperation of the land, sea and air forces under General Eisenhower's command.

The most that can be said at the moment is that the first critical period has passed. The most critical period has still to come. It will be when the enemy counter-attacks. When that time comes we must expect severe action. There will be heavy fighting. Counter-attacks, I believe, have already begun.

Here may I say a word about the nature and extent of the information which it will be possible for the government to give hon. members regarding military operations. We are fully conscious of the deep and legitimate interest of the house and the country in operations in which Canadian troops are engaged. We should, however, not lose sight of the fact that in the present operations in Sicily British and United States troops are engaged as well as our own. All three governments must be guided largely by the judgment of the military commanders as to what information can be made public with due regard for military security. That information is necessarily and rightly made available on the spot to the press.

There is no way in which the government on day to day military operations, can be better informed than the press, except to the extent that information is available which in the opinion of the military commanders should be kept secret in order to ensure the safety of their troops or the success of future operations. I shall not attempt therefore to give day to day summaries of the progress of operations. From time to time, as circumstances warrant, statements will be made in the house either by myself or by the Ministers of National Defence as to the significance of events. In that respect the practice here will be similar to the practice followed in the parliament at Westminster.

As to information regarding the progress of operations from day to day, the army, like the air force, has made what are confidently believed to be effective arrangements to provide information as fully and rapidly as security permits. In this connection, no doubt many hon. members heard the broadcast given from Algiers by Flight Lieutenant Leslie Powell of the Royal Canadian Air Force public relations branch. Because of the excellent arrangements made by the Canadian Broadcasting Corporation it was heard in Canada on Saturday morning, less than an hour after the first news of the landing was released. Hon. members will also have seen or heard the report by Ross Munro of the Canadian Press direct from Sicily, which followed shortly thereafter.

The assault upon Sicily marks for Canada the beginning of a new phase of the war. The Canadian army thus far has had few opportunities for active combat with the enemy. After Dunkirk, it became a living shield of defence against the threatened invasion of Britain. For a time, the first Canadian division was almost the only land force in the United Kingdom equipped to meet an invader. In this way, Canada's troops came to have the role of defenders of Britain. As successive divisions and reinforcements crossed the Atlantic from Canada, they were fitted into that role. For the three years since, the Canadian army in Britain has helped to maintain the security of Britain. All this has been in accordance with the strategy planned by those who have had the supreme direction of the war. From the outbreak of war, our government has adhered to the position that Canadian forces, in whole or in part, should be used where and when they can make the best contribution to the winning of the war.

The presence of our army in Britain has been a means of holding in western Europe, German forces many times its size. There were combined operations of a minor character in which Canadian troops were engaged during 1941 and 1942, but it was at Dieppe that units of the Canadian army in Britain first went into action against the enemy. Dieppe was a preparation for further combined operations. More recently, in order to gain experience in leadership under fire, officers and non-commissioned officers from our army in Britain went into battle with the British first army in Tunisia. That experience was also a part of the preparation for coming days.

As I said in announcing the present attack upon Sicily, the soldiers of Canada have gone

into battle exceptionally well trained, superbly equipped, keen and full of spirit, ready for offensive warfare.

In this new phase of the war for Canada, the army will share with the navy and the air force, the heat of combat and also inevitable sufferings and losses. We can expect no easy victories and no quick successes. Rather must we be prepared for fierce fighting and for a long struggle.

In thinking of the hour when a part of Canada's army would go into full scale action against the enemy, we have never imagined that there would be either an easy victory or an early victory. We realize that the enemy is strongly entrenched in his European fortress, and that so long as Hitler can draw upon a storehouse comprising occupied Europe, his forces can be provisioned for a lengthy war.

For the Canadian people, it is only human that the centre of our interest in the coming weeks should be the battle for Sicily, but all of us must careful to keep a sense of proportion. Let us not forget the much greater battle on the plains of Russia. In two years of fighting on the most titanic scale in history, the Soviet armies have inflicted grievous wounds on nazi military power. Without that weakening of German strength, the operations now in progress would have been foredoomed to failure, if indeed they could have been attempted at all. We should remember, too, that Sicily is only an outpost of Europe. Many other bridgeheads will have to be established before the final struggle even begins. These outer ramparts of nazi Germany are very strong. To reach the centres of nazi power on German soil will require a long and fierce struggle in all the occupied lands. The war, moreover, will not be ended when nazi power has been crushed. The military might of Japan will still have to be destroyed.

The battle of Europe is now joined. It must now be fought to a finish. It will be a hard fight. It will be a long fight. Something in our hearts, something emerging in the very soul of our nation must tell us that this is the greatest cause upon which we have ever been embarked.

In conclusion, I should like to repeat what I said to the press and over the radio on Saturday morning:

> The fighting men of Canada, on land, at sea, and in the air, are risking their lives to preserve everything that all of us hold dear. They are joined together, in the cause of freedom, in the service of their fellowmen, and by an abiding attachment to their homeland. All Canada will share the pride of their loved ones in their courage and in their achievements. Of one thing we may be assured. They will not fail us. We must not fail them. They will fight better for the assurance of the support of a united Canada. We, too, shall need all the strength that comes from a deep feeling of unity. I repeat, we must not fail our fighting men. In the name of Canada, I give to them the assurance that Canada will not fail her fighting men.

[Mr. Mackenzie King.]

That assurance, I repeat this morning in this House of Commons on behalf of the parliament of Canada. Hon. members, I am confident, will all wish to join in this assurance.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I think none of us in the House of Commons to-day will have failed to notice that the words which the Prime Minister (Mr. Mackenzie King) has just uttered were received by a thoughtful, serious-minded and very solemn House of Commons. I wish to thank the Prime Minister for his statement with respect to the operations and developments on the Sicilian front. I hope, as he intimated, that from time to time when considerations of security permit the house will have the benefit of further advices and further news as it may reach the government.

Mere words seem feeble and futile in the midst of such moving events as have been taking place within the last day or two, particularly at this moment when Canada is moving past another historic milestone. I have no desire to do more at this time than to echo the words of the Prime Minister with reference to the Sicilian front. The fiercest challenge of all still lies ahead, and I am sure that the house and the country is a unit in the hope and prayer that our arms will be successful in the difficult and trying days that lie ahead, and that the loss of human life and the consequent sorrow and suffering shall be kept to the minimum that is possible so far as our armed forces are concerned.

Canada's heroism, Canada's bravery in the war which concluded just about a quarter of a century ago earned for her honour and renown throughout the world. In world war number two, Canada in the opinion of this house and of our people generally will parallel her achievements of a quarter of a century ago. We are proud of our boys who are on the Sicilian front to-day. May God bless them as they proceed with their perilous task of helping to liberate the enslaved and suffering peoples of Europe. Let this word go out to our forces in Sicily, as it goes out to our forces in other parts of the world: Canada backs you with everything we have. And may we in this house, Mr. Speaker, and in Canada as a whole, so conduct ourselves as to be worthy

at home here of the services and the sacrifices which our men are making on the dangerous Mediterranean front.

I join with the Prime Minister in his statement that Canada stands united in this project, as in other projects that will follow—a united Canada with a keen and enthusiastic national feeling that we are playing our part in the interests of freedom, righteousness and Christianity in this conflict which we all hope will be brought to a victorious conclusion as early as possible.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I think we have all listened this morning to the statement of the Prime Minister (Mr. Mackenzie King) with feelings that the occasion upon which we meet is not only one of rejoicing that our men have made a successful landing on the Sicilian coast, but also one of great solemnity. I am sure that all members of this house can say to the Prime Minister, to the government and to the men engaged in perilous operations across the sea, that Canada is a unit behind them in this hour of great struggle and great sacrifice. As we think of the casualty lists that must come in, this house should consider carefully every possible step that can be taken to ease the blow for those who will suffer, both those who will lose loved ones and the men who will return to us maimed and sick. It is the duty of this country to make adequate preparation for all this, and far more than we have done up to the present time.

One other word I should like to say, and it is this: Canada's soldiers to-day are engaged in a great adventure against Italy. I have no doubt that as they move forward, grave military and political decisions will have to be made, both by the commanders and by governments. People looked with anxious eyes and some misgivings at the political developments in Algiers after North Africa was invaded. Canada is contributing her blood and treasure in this onset against Italy, and on behalf of many people in this country and, indeed, elsewhere, I ask that our government see to it that it play its proper part in any political arrangements that are made, so that this war shall indeed become in every respect a war of liberation—not a war for the reestablishment of dynasties of the past or of governments that have lost the confidence of their peoples, but that in any understandings which are reached, Canada as a freedom-loving and democratic nation shall assist the long-suffering peoples of Europe to complete their liberation.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, we are indeed met on a solemn occasion. One thing which impressed me in this morning's remarks more than any other one thing was the statement which the Prime Minister (Mr. Mackenzie King) made in the following words:

> I give to them the assurance that Canada will not fail her fighting men.

The Prime Minister made those remarks on Saturday in his broadcast, to which I listened with great interest and with very serious thoughts. I recalled that while the last war was going on, many of the dearest friends that I have ever had, boys with whom I had sat in high school, normal school and university classes were pouring out their life-blood and giving their glorious young lives in a war to make the world safe for democracy—note the word. I recall at about this stage of the conflict we had solemn assurances from a number of men, including statesmen, to the effect that when the boys came back they would return to homes for heroes. Alas, what did they come home to? Far, far too many of them were not even given hovels for heroes, much less homes. It is an exceedingly easy matter for us to stand in this house and promise great things lightly without indicating in any way how we propose to provide these great things. I trust the Prime Minister will not feel too greatly offended if I ask him to tell the country what Canada has already done for the heroes who have already been maimed and injured in this war. I ask him if he will stand in this house and tell this country what guarantee Canada has given to the men who bled at Dieppe. Just what has she done for these men? Has she failed them, or has she not? If it were fitting I could bring into this house at this moment stories that should make every hon. member of this house hang his head in shame, stories of what has already been done for the men who have done their bit and who have returned to this country thus far in the war.

Mr. MACKENZIE KING: I do not wish to interrupt the hon. member, but I do feel that if he has any statements that he thinks parliament should have, he should give them to parliament, but he should not make innuendoes nor should he, if I may be permitted—

Mr. GRAYDON: Not at this time.

Mr. MACKENZIE KING: —bring forward indirect insinuations or innuendoes which are certain to be greatly misconstrued, not only throughout this country but by the men who

are to-day offering their lives in the service of freedom. May I say to my hon. friend, who is usually thoughtful and careful about the occasions on which certain utterances should be made, that this is the last occasion on which he should make references of the kind he is making at the moment.

Mr. BLACKMORE: Mr. Speaker, generally speaking, a man who faces facts and says the truth about those facts makes himself exceedingly unpopular on any occasion.

Mr. MACKENZIE KING: My hon. friend is not giving us facts. I ask him if he has any statement to make, any facts to give, to give them and be prepared to prove them. If he is unable to do that, he should not make innuendoes.

Mr. BLACKMORE: There is only one thing I can say in the circumstances, Mr. Speaker, and that is this: I said a moment ago that on a suitable occasion I would bring in plenty of evidence. Now that the Prime Minister has challenged me, I shall—

Mr. GRANT: You did not say that at all.

Mr. SPEAKER: Order.

Mr. BLACKMORE: Once more the Liberals are at work at their usual game of belittling the people who are trying to tell the truth in this country and in this parliament. I do not propose to say anything undignified on this occasion, but at the same time I intend to say something that is worth saying. Idle, meaningless vaporizing is of no use on this occasion. If I have said anything up to the present time which either by implication or by meaning could be construed as offensive or as inappropriate on this occasion, I withdraw it; but I give assurance to the house that at a later time I shall reassert it, because so far as I am concerned, Mr. Speaker, as one member of parliament I do not propose to neglect my bounden duty to the people who sent me here and to the soldiers who are fighting our war.

May I go on, Mr. Speaker? The Prime Minister indicated that the boys would be disturbed. The Prime Minister does not need to be over-solicitous as to the feelings the boys will have. If he had gone through the trains, sat in the smokers and maintained silence as I have done in order to hear the boys express their feelings as they sprang out of their burning hearts, he would have no anxiety about a further growing of disturbance in their hearts. That disturbance has already been created by the things they see and know.

May I turn to one aspect of the question which is perhaps at least as important. I, along with hon. members of the house who have spoken and those who have not spoken, am filled with gladness and relief on this occasion. For almost four terrible years we have endured as a British race, humiliation, apprehension, loss upon loss, and danger of further bitter loss upon loss, not only from the enemy whom we are fighting but from some who ostensibly were not our enemies. I need not be further specific; hon. members understand. Now at least we are partly prepared, and our hearts swell with gratitude.

I know all hon. members' hearts are filled with gratitude to the God who controlled the waters at Dunkirk, the God who prompted Hitler's dangerous decision not to attack when Britain was perhaps helpless at his feet, the God who caused Hitler, perhaps unwisely, to attack Russia, bringing into the conflict on our side an ally who would absorb so much of the shock. For these great things, and many others which have been less spectacular, we should bow our heads and bend our knees in the deepest and most reverent gratitude to the God who has brought our fathers through many, many crises perhaps comparable to this one.

We should not forget on this occasion to express words of gratitude to the statesmen who have done all they possibly could to help to salvage the wreck of the structures in which we as British people have reimposed our trust for our security, men who realized how desperately our nation had been sold out by someone and who tried with all their power to save something from the wreckage. I mention among those Mr. Chamberlain. Mr. Chamberlain died, I believe, of a broken heart. I have no brief for Mr. Chamberlain. He passed through tragic experiences, but he had the courage to go to Munich to undergo what he did in order to save a few precious months, during which time we had some chance of recouping our loss of fighting power. I think Mr. Chamberlain did a thing for which history will be grateful, and I believe he is entitled at least to the thanks of one weak voice in the parliament of Canada on this historic occasion.

I wish at the same time to give thanks to the people who have given their all in order to hold back the invader while we gathered ourselves for the fight. I think of those who stood heroically in the path of the aggressor and who by their sacrifice impeded his progress and impaired his strength. I mention Poland, Poland could have given up easily. Poland knew what she was going to suffer. Yet, did the heroes of Poland falter, or did

her statesmen fail? Not for one moment. They stood out, and did all that within their power lay. They laid on the altar their lives and their bodies, and by so doing did us a great service. Let us not for a moment forget about that great nation. And Norway must not go unhonoured—or Denmark, or Holland or Belgium, or France which was bled white, and humbled and lowered in the dust. And little Albania, which stood courageously against Italy, is deserving of gratitude from us at this time, as is also Jugo-Slavia, who still fights on. And Greece, who fell under the blows—utterly insupportable—but who fell fighting in a manner which will reflect even greater credit on the glorious record of Greece, despite the fact that her history is filled with glory.

Nor must we for one moment forget Great Britain. I had the privilege of being in Great Britain in the fall of 1941. Any attempt to convey an adequate appreciation of the magnificent courage of the ordinary housewife in Great Britain, not to mention the other citizens, would simply be contemptible by its inadequacy. We shall never cease to owe a debt to Great Britain for what she did in holding up the foe and absorbing the shock of his ruthless and terrible power.

On this occasion the House of Commons, every member of it, should be filled with redoubled resolution—and I am sure they are—to redress the wrongs committed against the stricken peoples of Europe, and to redeem those stricken peoples, bind up their wounds, nourish and restore their vigour, reestablish them and set them on their feet again; give them another chance; and so that there may be rekindled in their hearts once more the fires of confidence, assurance and ambition; and so that they may express themselves in a vigorous and energetic national life through which they may make their contribution to the world. Let us convince those peoples of Europe, both by precept and by example, that there is a way of establishing in this world security with freedom. May I point out that while at present there is talk of supranational government, international currency and stabilization schemes, we are far from giving assurance that the united nations contemplate any such way of establishing security with freedom.

Let us demand of Germany adequate guarantees that never again shall she be able to destroy the peace of man. Such guarantees will render Germany helpless—a people of perhaps around eighty millions, helpless to defend themselves in a military sense and helpless to defend themselves in an economic sense. Let us not forget for a moment that those people are just as proud and as sensitive and ambitious as we are. They are just as conscious of the danger which lurks around them. We must take precautions because of that. We must guarantee Germany also, in the hour of victory which is sure to come; we must guarantee to Germany freedom from want and fear.

Mr. SPEAKER: I have allowed the hon. member to discuss many matters. I must point out to him, however, that there is nothing before the Chair, except that which may be contained in the Prime Minister's statement. I would not wish any hon. member to discuss matters extraneous to that statement.

Mr. BLACKMORE: On an occasion of this sort may I say I wish to treat your rulings and your opinion, sir, with all possible deference. But I submit to you that there has never been in the House of Commons an occasion like this one, and that there is therefore no precedent setting out what an hon. member shall say on such an occasion. If in your judgment, Mr. Speaker, it is unbecoming that an hon. member on an occasion of this sort shall discuss the kind of thing which I have been discussing, things which are of vital importance to those who are conducting the war on our side, and to those who are struggling in every way to oppose us, then I shall refrain from any further remarks on this occasion.

Mr. SPEAKER: May I say in answer to the hon. member that there is an opportunity upon which matters of which the hon. member has spoken can be discussed. They might very well be discussed when the estimates for the Department of External Affairs are before the house. Just at this time however I think they are extraneous.

Mr. BLACKMORE: I bow to Your Honour's ruling, and shall surely avail myself of the opportunity you have indicated.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 127, for the relief of Anne Marie Garon Brown.—Mr. Claxton.

Bill No. 129, for the relief of Glendon Malcolm Robert MacCallum.—Mr. Claxton.

Bill No. 131, for the relief of Beatrice Belodubrofsky Schiller.—Mr. McIlraith.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

AGRICULTURAL MACHINERY HELD IN WAREHOUSE

Mrs. NIELSEN:

1. What stocks of new and unused agricultural machinery and implements are held in Canadian warehouses?

2. Will such stocks be made available to municipalities where such machinery and implements are lacking for custom work in harvesting forage, grain and other crops this year?

Mr. ILSLEY:

1. The production, importation and distribution of farm machinery are under strict control in Canada to assure that the available supply is distributed to meet the most essential demands. Stocks of farm machinery are continuously arriving from Canadian manufacturers and from foreign sources and are being shipped out to meet essential demands. Available stocks are allocated to meet demands as quickly as possible. Because of the constant movement of stocks it is not possible to give totals on hand at any given time.

2. Farm equipment is rationed under the direction of rationing officers stationed at 14 points throughout Canada. Total available supplies are allocated, in proportion to past requirements, to the different regions, so as to assure to each a fair share of available supplies. Where a condition of unusual hardship arises, the rationing officers may, moreover, direct the transfer of urgently needed equipment to meet special requirements. Every effort is being made to provide necessary machinery and implements for harvesting of this year's crops.

ALUMINUM COMPANY OF CANADA—PRICE OF ALUMINUM

Mr. COLDWELL:

In view of the statement made by a responsible official of the United States government, that it was attempting to arrange a reduction in the price of aluminum from the Aluminum Company of Canada, what steps, if any, are being taken by the government of Canada to arrange for a similar reduction in price to firms using aluminum in connection with our war effort?

Mr. HOWE: The price of aluminum from the Aluminum Company of Canada to firms using aluminum in connection with Canada's war effort has no relation to the contract price to the United States government. Prices quoted to Canadian firms are regarded as satisfactory by this department. Should the situation change, appropriate action will be taken.

[Mr. Blackmore.]

ALUMINUM COMPANY OF CANADA—PRICES

Mr. KNOWLES:

1. (a) What price is the United States government, or any agency thereof, paying to the Aluminum Company of Canada, Limited, for aluminium ingots; (b) how is the price made up; (c) what is the base price; (d) what is the effect of any escalator clauses for the third quarter of 1943; (e) what was said effect for the second quarter of 1943?

2. (a) What price is being paid to the above company for aluminium ingots purchased in Canada by the Canadian government or by Canadian manufacturers working on war contracts; (b) how is this price made up; (c) what is the base price; (d) what is the effect of any escalator clauses for the third quarter of 1943; (e) what was said effect for the second quarter of 1943?

Mr. HOWE:

1. The contracts for the sale and delivery of aluminum ingot to the United States was made directly between Metals Reserve Company (an agency of the United States government) and the Aluminum Company of Canada Limited and the payments for aluminum ingot are handled directly between the two parties concerned. No department of the Canadian government participates in the arrangements for such payments. The Department of Munitions and Supply is therefore unable to supply the information requested in question 1.

2. The prevailing price for aluminum ingot to Canadian manufacturers is fixed at 18½ cents per pound in carload lots. This price was arranged for Canadian consumption of aluminum ingot. It is not subject to any escalator clause or to any increase resulting from increased costs of production.

NOTE: See *Hansard*, June 21, 1943, page 3829.

INTERDEPARTMENTAL PRIORITIES COMMITTEE

Mr. FRASER (Peterborough West):

1. Is there an interdepartmental priority committee in the Department of Labour?

2. If so, who are the members of said committee?

3. Who is the chairman thereof?

4. What are their duties and functions?

5. Did the said committee compile the list of occupations covered by the compulsory order of May 4, 1943?

6. If not, by whom was said list compiled?

Mr. MARTIN:

1. Yes.

2. This committee consists of: Sheldon Ross (chairman), acting chief, priorities division, national selective service; T. H. Robinson, assistant director, national selective service; J. G. Fogo, associate coordinator of controls

and labour liaison officer, Department of Munitions and Supply; R. G. Barclay, assistant director, employment service and unemployment insurance branch, Department of Labour; H. R. Kemp, economic adviser, economic research branch, wartime prices and trade board; G. G. E. Raley, director of general supplies, supply division, wartime prices and trade board.

3. Sheldon Ross, acting chief, priorities division, labour supply branch, Department of Labour.

4. Under authority of clause (f) of section 505 of order in council P.C. 246, January 19, 1943, national selective service civilian regulation, "The minister may in consultation with the Department of Munitions and Supply and the wartime prices and trade board, classify, in such manner as he deems expedient, occupations, industries, firms or establishments according to essentiality in the prosecution of the war." A committee composed of representatives of the Department of Munitions and Supply, the wartime prices and trade board and the Department of Labour, which has come to be known as the interdepartmental priorities committee, meets regularly and deals with matters relating to priorities in accordance with the section of order in council P.C. 246.

5. No.

6. The list referred to was compiled in accordance with suggestions made by the members of the committee that had to do with the preparing of the compulsory employment transfer orders and the instructions in regard thereto. The lists for inclusion in the various compulsory employement transfer orders are approved by the national selective service advisory board before being issued.

NATIONAL SELECTIVE SERVICE

Mr. BRUCE:

1. Is there an experienced and representative policy-making board of permanent officials in selective service at Ottawa?

2. If so, has this board access to information as to what is happening in all regional offices and all relevant statistics?

3. Has this policy-making body been given the right to go anywhere to investigate actual working conditions ?

4. If so, do they make such investigations?

5. What steps are taken by the government to ensure that the records in the local and federal offices are efficiently and properly kept? Are same up to date?

6. Are industries obliged to inform national selective service when vacancies in their plants are filled, or partially filled, and if so, what steps are taken to ensure that this is properly carried out?

7. Does the director of national selective service hold any other public or private position?

8. Has the present director of national selective service the power and authority to select his immediate assistants? If not, why not?

9. What steps are taken to ensure that employees in the local offices are given adequate support by the simplification of orders?

10. Are there specialists appointed to each local office for the purpose of giving expert advice on job placement and job analysis?

11. Has any committee been appointed by this government to make a catalogue of industry?

12. If so, is said catalogue to be compiled in a manner similar to that of the United States?

13. Has the government conducted any classes throughout Canada under the supervision of competent and specialized instructors to teach national selective service employees at the local offices the elementary principles of their jobs?

Mr. MARTIN:

1. A national selective service advisory board has been established under the chairmanship of the director of national selective service to advise the director in reference to the utilization of man-power and administration of selective service regulations and which includes the senior officers of the employment and selective service, as well as representatives of employers and labour, agriculture, the departments of munitions and supply, national defence, finance, wartime prices board, agriculture.

2. The reports and statistical returns on employment and selective service operations prepared for head office use and other relevant data in respect thereto, which may be required from time to time, are made available to the advisory board as required.

3. It is not the function of members of the advisory board to undertake personal investigations as members of the board. Employment and selective service officers including those officers who are members of the board undertake necessary investigations and meet with employers and employees and their representatives as appears advisable in the course of their duties.

4. See answer to 3.

5. Suitable records are maintained at head office, regional offices and local employment and selective service offices under the direction of the director of employment service and unemployment insurance. These records are maintained for current use.

Local offices are assisted and guided in their work by travelling supervisors operating from head office and regional office, part of whose duties is to see that required records are efficiently and properly kept up to date.

6. Selective service permits are issued in triplicate. The local office holds one copy and hands two to the man. The man takes these to the employer who retains one and returns one to the local office. This returned copy is matched against the local office copy and thus there is an efficient check to determine that the vacancy has been filled. The copy is required to be returned within forty-eight hours, and, if not returned, the local offices make a practice of checking up to find the reason why it has not been returned.

A telephone check is also made within a reasonable time on all referrals and more particularly on referrals to war industry.

7. Yes. Deputy minister of labour.

8. Associate directors of selective service are appointed by the governor in council upon the recommendation of the Minister of Labour, who is the minister responsible for the administration of selective service regulations.

9. Necessary instructions governing the application of orders and the procedure to be observed in carrying out the administration of the same, are furnished to local offices by the director of employment service and unemployment insurance, and the regional superintendent of such services.

10. In selecting personnel for local offices, the civil service commission does try to find persons who are experienced in placement and job analysis work, but, with the tremendous expansion of the offices and personnel over the last year, if becomes increasingly difficult to find trained personnel. It is not possible to designate for each office specialists for this purpose, but the offices are assisted and guided by travelling supervisors and advisers on staff training are also located at each regional office to direct the proper training of personnel.

11. An industrial classification manual has been prepared and issued by direction of the Minister of Labour, for use of employment and selective service offices.

12. This manual corresponds in its general nature to the standard industrial classification manual issued by the United States authorities.

13. Necessary and suitable instruction in duties is given to employees of the employment and selective service administration.

From time to time local and regional schools are held to explain new regulations and procedures to the field staff, more particularly when there are any major amendments to the regulations.

[Mr. Martin.]

WOMEN'S VOLUNTARY SERVICES

Mr. HARRIS (Danforth):

1. Did the Minister of National War Services convene a meeting of women's voluntary services at any time during the last two weeks of June, 1943?

2. If so, on what basis of representation was such meeting called?

3. Were the following women, or any of them, invited to such meeting and did they, or any of them, attend: Mrs. W. E. West, Mrs. Paul Hamel, Miss Helen Doherty?

4. If so, what association or body of women did they each represent?

5. Is Miss Helen Doherty an official or member of the Women's Liberal Association?

6. Were the travelling expenses of those attending paid out of public funds?

7. If so, what was the amount of such travelling expenses?

8. Were civilian and community welfare problems discussed at such meeting?

9. Were the provinces consulted before such meeting was convened?

10. Were the provinces invited to send representation to such meeting?

11. Was the federation of mayors and municipalities consulted, and was that federation invited to send representation?

12. Was the president of the National Council of Women consulted or invited to attend?

13. Was the president of the Catholic Women's League of Canada consulted or invited to attend?

14. Was the president of the Women's Institute of Canada consulted or invited to attend?

15. Was the president of the Imperial Order Daughters of the Empire consulted or invited to attend?

16. Was the president of the Federation des Femmes Canadiennes Francaises consulted or invited to attend?

17. Was the president of the Council of Jewish Women consulted or invited to attend?

18. Was the chairman of women's war work of the Canadian Red Cross Society, or the chairman of the Salvation Army Red Shield consulted or invited to attend?

19. Has the minister decided to send four women to England to enquire into the work of women's voluntary services?

20. If so, who will select them and what will be the basis of their selection?

21. Will they be representatives of Canadian women already organized and doing patriotic work?

Mr. LaFLECHE:

1. Yes. Business meetings of women's voluntary services were held June 28, 29 and 30, in Ottawa.

2. Provincial; all provinces were represented.

3. Yes, they attended in the course of their departmental duties.

4. See answer to question No. 3.

5. No.

6. Travelling expenses will be paid by the department when claimed and duly supported by vouchers.

7. All the accounts have not been submitted.

8. The purpose of the business meetings was to discuss, with the assistance of representatives of other departments, the many wartime problems in which women's voluntary services are interested, including methods of assisting, upon request, organizations in their many such endeavours, whether national, regional or local in scope.

9. See answer to question No. 8. As these were business meetings of the women's voluntary services, no others were consulted or asked to send representatives to the meetings.

10. See answer to question No. 9.

11. See answer to question No. 9.

12. See answer to question No. 9.

13. See answer to question No. 9.

14. See answer to question No 9.

15. See answer to question No. 9.

16. See answer to question No. 9.

17. See answer to question No. 9.

18. See answer to question No. 9.

19. It is hoped to send three or four women to the British isles to learn at first hand about the work of the sister organization, the women's voluntary services of the United Kingdom, who have offered entire cooperation.

20. In consultation with the division of women's voluntary services, selection will be made by the Department of National War Services to the end of enabling tthe department to help advance the Canadian war effort.

21. Individual selection will be made upon the basis of: power of observation, and experience or ability to make information obtained available to the department and thereby to all Canadian women, whether through their organizations or otherwise. It is not the intention that women's voluntary services should displace any other organization, but rather to reinforce and help all to carry out patriotic work.

WARTIME HOUSING LIMITED—SAINT JOHN, N.B.

Mr. NICHOLSON:

1. In connection with war-time houses built in Saint John, New Brunswick, (a) how many two-bedroom houses have been built; (b) how many four-bedroom houses have been built?

2. What was the cost of each?

3. How many sheds have been built, and what was the cost of each?

4. What is the rental for each type of house?

5. What are the total costs incurred by Wartime Housing Limited to date in connection with the Saint John houses?

Mr. HOWE:

1. (a) 50 H3 and H4; 15 H21 and H22. (b) 35 H13 and H14.

2. For house construction only—H3 and H4 (2 bedroom), $2,641.88; H13 and H14 (4 bedroom), $3,403.33; H21 and H22 (2 bedroom), $2,740.16.

3. 32 double sheds at $235 each; 36 single sheds at $135 each.

4. H3 and H4, $22 per month; H13 and H14, $30 per month; H21 and H22, $25 per month.

5. $433,194.46 to April 30, 1943.

WARTIME HOUSING LIMITED—SARNIA, ONT.

Mr. DIEFENBAKER:

1. How many permanent type houses have been erected by Wartime Housing Limited in Sarnia, Ontario?

2. What is the cost per unit of each?

3. Will these houses be sold to the occupants on deferred credit? If so, at what price per unit, and upon what terms?

Mr. HOWE:

1. No houses are completed at this date. Two hundred houses are under contract.

2. Fifty single family dwellings

Types H51 and H52—6 rooms.

	Unit price
34 with brick above ground floor..	$4,195
5 with concrete block above ground floor	3,515
5 with bevelled siding above ground floor	3,515
6 with asbestos shingles above ground floor	3,515

100 single family dwellings

Types H53 and H54—5 rooms.

68 with brick above ground floor	3,905
11 with concrete block above ground floor	3,385
11 with bevelled siding above ground floor	3,385
10 with asbestos shingles above ground floor	3,385

50 single family dwellings

Types H55 and H56—4 rooms.

34 with brick above ground floor	3,527
5 with concrete block above ground floor	2,984
5 with bevelled siding above ground floor	2,984
6 with asbestos shingles above ground floor	2,984

3. These houses are constructed for rental only.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SELECTIVE SERVICE—PLACEMENT EXPERTS

Mr. STOKES:

1. How many men and women are serving as job placement experts in national selective service?

2. What are their names and previous occupations?

3. What experience and qualifications have each of these persons to fit them for the special work in the positions which they hold?

4. Where is each of such persons now serving, and what is the official designation of their position?

5. To what extent have these persons been used to train the staffs in local selective service offices?

COST OF NATIONAL REGISTRATION—CENSUS—PLEBISCITE

Mr. BLACK (Cumberland):

Under the following heads, (a) constituency expenses; (b) head office expenses; (c) printing; (d) total, what was the cost of, (1) national registration, 1940; (2) decennial census, 1941; (3) plebiscite, 1942?

HALIFAX WATERFRONT—FREIGHT HANDLERS

Mr. BLACK (Cumberland):

1. Is there a "central despatching agency" or other service for the employment of men to handle freight at the waterfront, Halifax, Nova Scotia?

2. If so, is such agency or service operated by the Department of Labour, the Canadian National Railways or the national harbours board?

3. What is the cost to date of buildings or quarters, including equipment built and installed in connection with such agency or service?

4. What staff has been employed, what is the name of each, and what salaries and expenses were paid to each in the year ended June 30, 1943?

5. Were the agency or service, and the buildings or quarters and equipment in connection therewith provided at the request or with the approval of the longshoremen?

NO. 37 FLYING SCHOOL, CALGARY

Mr. JOHNSTON (Bow River):

1. What is the land description of No. 37 flying school at Calgary, Alberta?

2. What is the present acreage of this school?

3. From whom and when was it bought?

4. What price per acre was paid for this land?

5. What was the total price of said land?

6. Has the government made any commitments or proposals regarding the extension of No. 37 flying school at Calgary?

7. Are the present properties sufficiently large to fulfil present and future requirements of this school?

[Mr. Diefenbaker.]

MOTIONS FOR PAPERS

INTERNATIONAL CURRENCY CONFERENCE

Mr. QUELCH:

For a copy of reports and recommendations of the Canadian representatives who attended the conference at Washington dealing with the stabilization of international currencies, submitted to the Canadian government, any department thereof, or Bank of Canada.

Mr. ILSLEY: Some days ago when this motion was called I promised to make a brief statement regarding participation by Canadian experts in the discussions which have taken place in Washington on international arrangements for the stabilization of currencies. Apparently, the hon. member for Acadia (Mr. Quelch) when he placed this motion on the order paper had in mind the meeting which took place in Washington in the latter part of April and which received some attention in the press at the time and later in the house itself. That meeting did not give rise to any reports or recommendations, beyond the confidential notes of the experts themselves for their own use. To have submitted a return in this sense, however, would have been incomplete and perhaps misleading, and it was for this reason I promised to make a statement in order that the house might have correct information in regard to developments in connection with this matter.

It will be recalled that early in April the government of the United Kingdom and the United States government each made public proposals which had been prepared by their experts for international arrangements to stabilize currencies after the war. These proposals did not carry government endorsement in either case but were put forward, in the words of the British announcement, "as a preliminary contribution to the solution of one of the problems of international economic cooperation after the war." For the convenience of members of this house, the two proposals were printed as a sessional paper. These two proposals, appearing at the same time, have naturally attracted great public attention, even though they represented the views only of certain groups of experts and not those of governments. They have been amongst the first concrete proposals to appear dealing with specific post-war problems. It was inevitable that the two plans would be compared and their similarities and differences analysed. In fact, there is a marked and encouraging similarity in the fundamental nature and objectives of the two proposals,

but they also reveal considerable differences in detail, in the form of mechanism proposed and in the manner of presentation.

Several of our Canadian experts had an opportunity of discussing the first draft of the British proposals with the British experts in London last fall. Shortly after the publication of the American proposals, Hon. Mr. Morgenthau, secretary of the treasury, invited me to send some experts to Washington to discuss the American suggestions with the experts who had put them forward. I was glad to accept this invitation, and as a result several of our Canadian experts visited Washington for this purpose in the latter part of April. The purpose of these bilateral discussions was essentially to enable our officials to get a clearer understanding of the American proposals and to explore their significance. I understand that experts from other countries subsequently had similar bilateral conversations with the American officials. Our officials did not present any recommendations at these April discussions, or make any report upon them—other than confidential notes for their own use and a verbal report on the main points learned about the American proposals.

Mr. HANSON (York-Sunbury): There is no truth in the statement made in the house, I think on Friday, that Canada had put forward proposals?

Mr. ILSLEY: Not as government proposals; I am coming to that. I believe it was this meeting which the hon. member for Acadia had in mind in proposing the order for return which appeared in his name in the *Votes and Proceedings* of the house for June 16.

Some weeks after the April meeting, to be exact from June 15 to 18, Canadian experts again participated in an informal discussion with American officials on the same subject. At this meeting experts from a number of other countries who happened to be in Washington at the time also participated in the discussions. Our experts were invited to come prepared to make such comments on the American proposals, or such suggestions concerning them, as they wished to make on their own responsibility. After careful consideration, our officials decided that they could make their comments and suggestions most useful and effective if they prepared them in the form of an integrated alternative draft proposal supplemented by some general written observations on the purpose and significance of plans for post-war monetary organization.

Mr. BLACKMORE: Was there any suggestion that the British proposals would be considered at the same conference?

Mr. ILSLEY: I do not know that it was the subject of specific discussion, but any discussion would be impossible without taking into account the British proposals.

The government agreed to their doing so—that is, to our officials preparing comments and suggestions—on the express understanding that these proposals and observations represented only the views of the experts themselves and did not carry in any way the endorsement of the government. It has not as yet been possible for the government to give the necessary study to the principles and details of these highly technical international monetary proposals to enable it to commit itself on them at this stage and this, as I have indicated, is also the position of the British and American governments. However, it did seem eminently desirable that experts in various countries should have an opportunity of proceeding immediately to explore the possibility of working out together a sound plan of post-war international monetary organization, and it was for this reason that the government authorized its officials to proceed on their own responsibility to set down their ideas on this problem and to discuss them with the experts of other countries.

When, therefore, the Canadian experts attended the informal meeting in Washington in June, they took with them their own draft proposals and observations and upon request made them available to the other experts participating in the discussion. The Canadian proposals were presented in a form closely parallel to that in which the American plan as revised had been presented, in order to facilitate discussion. This may give them a greater appearance of similarity to the American proposals than is justified by some rather significant differences in substance.

As the answer to the motion standing in the name of the hon. member for Acadia, I propose now to table the document prepared by the Canadian experts and entitled "tentative draft proposals of Canadian experts for an international exchange union." In doing so, I wish to emphasize again that the document does not necessarily represent the views of this government, by which indeed it has not as yet been considered, and involves no commitment whatsoever as to the attitude which may later be taken by the government when formal international discussions are held to deal with the problem in question. It is intended merely as a constructive contribution

by some of our experts to the common endeavour now being made in several countries to work out efficient international arrangements for dealing with foreign exchange and international monetary problems after the war. In order that the document may be available for study by all who may be interested, I have had it printed and have arranged for its distribution to hon. members and to the press.

I will not attempt to-day to summarize any of the principles or points of view embodied in the document nor to express any detailed views of my own concerning these proposals or their possible relation to other post-war matters. I would merely point out that the authors of this document have, in their preamble, made certain general observations on the importance of international monetary arrangements after the war and the relation of any such arrangements to other matters including commercial policy, international investment and international arrangements for relief and rehabilitation. These general observations should be carefully considered in order to see the draft monetary proposals in the proper perspective. International currency arrangements alone will not by any means solve our post-war international economic problems, but if they are well conceived and can secure the agreement of the nations, they should provide a basis for reaching satisfactory solution of some of the more difficult and more fundamental problems that will confront us.

It should be noted that the proposals that have been advanced by our experts, as well as those put forward by the Americans and the British, involve essentially an agreement between nations to enter into mutually beneficial arrangements for the establishment of an international monetary mechanism which will aid in the restoration and development of healthy international trade after the war; which will achieve a high degree of stability in international exchange rates, and which will not conflict with the desire of countries to carry out such policies as they may think appropriate to achieve, as far as possible, economic stability at a high level of employment and income. As the authors of the Canadian draft put it, "The organization should be international, not supranational." It is not intended to supersede our ordinary mechanisms of international trade and international payments, but to supplement and complete them on the intergovernmental level.

Mr. QUELCH: May I ask the minister whether these proposals which have been submitted on behalf of the Canadian officials have been endorsed by the officials of the Bank of Canada?

Mr. ILSLEY: No, not as officials of the Bank of Canada, and not by the Bank of Canada.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion subject to the statement made by the Minister of Finance?

Mr. ILSLEY: I assume that the hon. member will drop his motion.

Mr. QUELCH: Yes.

Motion dropped.

CENSORSHIP REGULATIONS OR INSTRUCTIONS

Mr. FRASER (Peterborough West):

For a copy of all censorship orders, regulations or instructions issued under government authority since the outbreak of war.

Mr. LaFLECHE: I ask that this motion stand.

Mr. SPEAKER: Stand.

Mr. GRAYDON: Surely the minister is not going to ask that this motion stand again. It has been up now for the last two weeks; he has asked on two occasions before that it stand, and surely he must now give some explanation of his asking that it stand again.

Mr. LaFLECHE: I believe it has not been standing two weeks. Twice last week I gave good reasons why I wanted it to stand.

Mr. GRAYDON: We are in the second week; that is what I mean.

Mr. LaFLECHE: That is right, but there is a difference. I again say that I want to see somebody about this. In the meantime I have asked other officials to get busy on doing this work. I think that in the interests of all concerned the motion should stand.

Mr. GRAYDON: Do I understand from the minister that he has given instructions in his department to have answers prepared, or has he done nothing while awaiting the return of the head of the censorship branch?

Mr. LaFLECHE: I said a moment ago that, awaiting the return of the gentleman with whom I wish to communicate, I asked the other officials to begin going through their files immediately in order to save time.

Mr. FRASER (Peterborough West): When may we expect the return?

Mr. LaFLECHE: The gentleman is supposed to be back this week. I shall see him and then make my reply here.

Mr. GRAYDON: It is important that we should have it for the debate on the minister's department.

Motion stands.

LABOUR CONDITIONS—TORONTO SHIPBUILDING COMPANY

Mr. ADAMSON:

For a copy of all letters, telegrams, correspondence, memoranda and other documents exchanged between the Department of Munitions and Supply, or any official thereof, and L. Sefton, of the United Steel Workers of America, relating to conditions in the Toronto Shipbuilding Company yards.

ALLOTMENT OF CARS TO SASKATCHEWAN ELEVATORS

Mr. PERLEY:

For a copy of all letters, telegrams, recommendations and other documents exchanged between the Minister of Trade and Commerce, the chairman of the wheat board or any member of the board, and any persons, committees or organizations, since May 15, 1943, protesting against the allotment of cars to elevators in the province of Saskatchewan under the proposed thirty car cycle system.

Mr. MacKINNON (Edmonton West): I suggest that this motion pass with the usual reservation regarding privileged documents.

Mr. GRAYDON: What is that "usual reservation regarding privileged documents"? I should like to have it clarified, because the expression has been used in this house on several occasions, and now is a good time for the minister to tell us exactly what it means. It seems to me that if there are privileged documents it should not be necessary for the minister to say anything about it; automatically they would not be produced, and I am suspicious when a minister puts these reservations into the answer he gives. He ought to explain what he means.

Mr. MacKINNON (Edmonton West): I think there is considerable merit in what the leader of the opposition has just said. It occurs to me that possibly I am over-careful in mentioning that there may be privileged documents. I know of none, but I spoke as I did for fear that when the examination was being made of all documents and correspondence there might be some memoranda passing between officials of my department and myself, which are recognized as privileged documents.

Mr. GRAYDON: That is what the minister had in mind?

Mr. MacKINNON (Edmonton West): That is what I had in mind.

Mr. HANSON (York-Sunbury): This motion does not call for any communications between interdepartmental bodies, such as the minister and the wheat board; it refers to communications between the minister, the chairman of the wheat board or any member of the board, and outside persons who have been protesting—

Mr. MacKINNON (Edmonton West): "Any persons."

Mr. HANSON (York-Sunbury): I cannot imagine that any of these communications would be privileged.

Mr. ROSS (Moose Jaw): It covers the advisory committee.

Mr. PERLEY: Do I understand the minister to say that without a doubt he will table all communications other than certain ones which passed between himself and the wheat board?

Mr. MacKINNON (Edmonton West): I am quite sure the hon. member for Qu'Appelle knows that all the documents concerned will be tabled.

OLD AGE PENSIONS—REPRESENTATIONS FROM MANITOBA

Mr. KNOWLES:

For a copy of all correspondence, resolutions and other documents received by the government, dated since May 1, 1943, from the Manitoba conference of the United Church of Canada, and from the Baptist union of western Canada, relating to the subject of old age and blind pensions; also for a copy of all communications received from any other organizations within the province of Manitoba, dated since May 1, 1943, relating to the same matter; also for a copy of the replies made by the government to all of the foregoing.

SELECTIVE SERVICE—RESTAURANT INDUSTRY

Mr. MacINNIS:

For a copy of all letters, telegrams and other documents passing between the Minister of Labour, the director of national selective service or any other person in the national selective service branch, and the Vancouver Restaurant Owners' Association or any person or persons acting on behalf of the said association, from the date of issue of the first compulsory employment transfer order to the present date, regarding the essentiality of employment in the restaurant industry.

RECOMMENDATIONS OF CHIEFS OF STAFF, NATIONAL DEFENCE, 1927

Mr. BRUCE:

1. For a copy of reports or recommendations, whether formally made in writing or in course of correspondence in 1927, by Major-General

J. H. MacBrien while he was Chief-of-Staff of the Department of National Defence, to the then Minister of National Defence.

2. Of reports or recommendations, whether formally made in writing or in course of correspondence in 1927, by Major-General H. C. Thacker while he was Chief-of-Staff of the Department of National Defence, to the then Minister of National Defence.

3. Of reports or recommendations, whether formally made in writing or in course of correspondence in 1927, by Lieutenant-General A. G. L. McNaughton, while he was Chief-of-Staff of the Department of National Defence, to the then Minister of National Defence.

Mr. RALSTON: I would ask my hon. friend to drop this resolution. The resolution calls for documents which, as he knows, and the house knows, are highly confidential. I do not consider it in the public interest that they should be produced. I have not gone over any of them but I do not think that documents of that kind from the chief of staff to a minister should be produced. Secondly, they are only sixteen years old, which would require delving into the archives. In the third place, one of them, with respect to General MacBrien, would cover all reports for six months, and the other by General Thacker would cover all the reports for nearly two years. The paragraph with regard to General McNaughton is of course wrongly dated, because he did not become chief of the general staff, as I remember, until 1929. I therefore submit that it is not in the public interest to produce these documents, and I ask that the motion be dropped.

Mr. BRUCE: In view of what the minister says I am willing to drop Nos. 2 and 3 and, to help his department, I would restrict No. 1 to correspondence and recommendations made in January 1927 only.

Mr. RALSTON: The same objection would apply.

Mr. SPEAKER: Dropped.

NATIONAL WAR LABOUR BOARD

REPORT ON INQUIRY INTO LABOUR RELATIONS AND WAGE CONDITIONS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Is the Minister of Labour yet in a position to indicate when the report of the national war labour board in connection with recent hearings on general labour problems will be ready for release? Is it the intention of the government to initiate any legislation this session in the event of the board's finding that a new code concerning labour relations in Canada is desirable and essential?

[Mr. Bruce.]

Hon. HUMPHREY MITCHELL (Minister of Labour): I am advised that the board is now considering the voluminous evidence that was taken at its hearings, but I have no knowledge as to when the report will be handed in.

Mr. GRAYDON: Has the minister any idea as to whether it may be a month or two months, or when the report will be submitted?

Mr. MITCHELL: I have not the slightest idea.

Mr. GRAYDON: In that event, I presume we need not expect any legislation based upon that report this session.

Mr. MITCHELL: Of course, that is a matter of government policy. I do not know. I cannot prejudge the report; I do not know what is in it.

Mr. GRAYDON: I was not asking the minister to prejudge the report. I had indicated that in the event of the evidence being of such a character I should like to know whether we might expect the initiation of legislation this session.

Mr. MITCHELL: That is a matter of government policy.

SELECTIVE SERVICE

ORDER RESPECTING TRANSFER OF YOUTHS SIXTEEN, SEVENTEEN AND EIGHTEEN TO ESSENTIAL EMPLOYMENT

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Under the new selective service set-up with regard to boys of sixteen and seventeen, is it intended to move the boys away from their homes or will they be kept in their own community?

Hon. HUMPHREY MITCHELL (Minister of Labour): The circumstances would determine whether they would be moved away or not, but I think my hon. friend can rest assured that the national selective service officials will use good judgment in any directions given.

THE LATE SIR HARRY OAKES

EDITORIAL COMMENT ON CENSORSHIP OF NEWS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to seek information from the Minister of National War Services on a point which was raised editorially by a prominent newspaper this morning. I have already sent a copy of the Montreal *Gazette* to the minister at his request and I believe

he has read the editorial, which is entitled, "Why the Censorship?" Were the facts surrounding the death of Sir Harry Oakes in the Bahamas delayed in publication through censorship? What part, if any, did the Canadian censorship authorities play in connection with the delay in publication of the news, and what were the underlying reasons for the delay?

Hon. L. R. LaFLECHE (Minister of National War Services): I am grateful to the leader of the opposition for having sent me intimation of the questions he would put. He was also good enough to let me see a copy of the editorial page of the publication in question. I had a few moments to make inquiries about the matter before the house began its sittings this morning, and I was told definitely that nothing concerning the death of Sir Harry Oakes was submitted to Canadian censorship. I suggest to the hon. gentleman that the article in question seems to indicate clearly a censorship other than Canadian.

Mr. HANSON (York-Sunbury): It does not say so.

PRIVILEGE

MR. GRANT—REFERENCE TO REMARKS IN DEBATE ON JULY 8

On the orders of the day:

Mr. T. V. GRANT (Kings): I rise to a question of privilege. On July 8, at page 4533 of *Hansard,* after the Minister of Labour (Mr. Mitchell) had made a statement, the hon. member for York-Sunbury (Mr. Hanson) rose and said:

> I have only to observe that that was not the case with respect to the government's man-power policy in the early stages. Who laid down the policy for the Department of National Defence after the mobilization act was passed? Who was the government's spokesman before the Canadian club at Ottawa but the chief of general staff of this country when the minister did not have the guts to get up and do it himself?

Then some hon. member said "Order," and then the member for York-Sunbury replied: "That is what happened." Then another member of this house said: "He has more guts than you have."

Mr. GRAYDON: Where is the question of privilege?

Mr. GRANT: I am coming to it. The hon. member for York-Sunbury replied:

> I would take somebody else's judgment besides yours.

Then the member to whom he referred replied, "You are all guts." That ended the delicate anatomical discussion, but the last interjection did not appear in *Hansard* of that day. I know the press gallery heard it because it appeared in the *Journal* and *Citizen* the following day. I know the reporter heard it because he looked around. I know the member for York-Sunbury heard it because he laid down his scalpel. I know all members in this house at the time heard it.

Mr. SPEAKER: Order. The hon. gentleman is rising to a question of privilege with respect to something that occurred, as he says, on July 8. This is now July 12. There was an opportunity before this for him to raise a question of privilege.

Mr. ROSS (Souris): Just as usual—a little burlesque.

Mr. SPEAKER: I would point out that a question of privilege must be raised immediately after the breach of privilege has taken place, or as soon thereafter as the member has an opportunity of bringing up the matter. I do not know what breach of privilege the hon. member complains of. I do not think what he has said gives rise to any question of privilege.

Mr. GRANT: The question is that I desire to have a correction made in *Hansard,* because when a sentence is altered or a few words left out entirely, the whole meaning is apt to be changed to the disadvantage of some and the advantage of others. I am not saying who is responsible.

Mr. SPEAKER: I wish the hon. member would come to his question of privilege.

Mr. GRAYDON: There may not be any question of privilege.

Mr. GRANT: The question is that the last remark was left out of *Hansard* entirely.

Mr. SPEAKER: If the hon. member is taking the position that something has been left out of *Hansard* which should have been inserted, will he kindly state what should have been inserted.

Mr. GRANT: The words that should be inserted after the interjection by the hon. member for York-Sunbury (Mr. Hanson) are the words which were said and which are not in *Hansard,* namely, "You are all guts."

Mr. GRAYDON: Who is supposed to have said that?

WEARING OF COATS IN THE CHAMBER DURING HOT WEATHER

On the orders of the day:

Mr. T. J. O'NEILL (Kamloops): Mr. Speaker, I do not know whether this is a question of privilege—

Mr. SPEAKER: If the hon. member is in doubt he should make sure before he raises a question of privilege.

Mr. O'NEILL: How can I be sure, Mr. Speaker? I notice in to-day's paper that yesterday in one of the churches in this city a clergyman suggested from the pulpit to the male members of his congregation that they remove their coats and be comfortable. That was done without any disrespect in the house of the Lord, and I suggest that the same thing might be done here. I know that the government and the people of this country would welcome the news that the members of this house had taken off their coats, rolled up their sleeves and gone to work.

Mr. SPEAKER: I notice that the hon. member did not include the Speaker. I would rather deprecate his suggestion.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Thursday, July 8, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

Administration and passport office, $270,500.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Chairman, on Friday the house was in committee of the whole on the estimates of the Department of External Affairs. To-day there are items pertaining to the Department of External Affairs which appear in connection with the war appropriation bill, and it is the latter items I propose to take up at the moment. What I would suggest, if it is agreeable to hon. members, is that as the two discussions will relate to the same subject hon. members should feel free to discuss external affairs generally under the first item that will be before us in the war appropriation bill, just as if that were the item that appears under external affairs in the estimates. Hon. members will realize that there are reasons at this time why I am anxious to get through the estimates which relate to external affairs, both those under the war appropriation bill and in the ordinary estimates as soon as possible, without any desire to limit discussion upon them. It might facilitate matters for all were it understood there could be a wide range of discussion at the outset, not limiting that discussion to one particular item.

[Mr. O'Neill.]

Hon. R. B. HANSON (York-Sunbury): Mr. Chairman, I had not intended to take part in this discussion at this late stage in the session, and would not have done so had it not been for one or two observations which fell from the lips of certain members of the house on Friday last. I shall be as brief as I possibly can, and say what I have to say with celerity, because I realize that the atmosphere of this city and maybe of this chamber is not conducive to calm and philosophic consideration of a matter so important as Canada's foreign policy.

Before I proceed further I should like to associate myself with the remarks of the Prime Minister and the leader of the official opposition with relation to the great world events that are now taking place. May I say regretfully that I was sorry to hear a note interjected into that discussion which showed at least—I want to be careful what I say—an element of a lack of appreciation of the gravity of the time. There is a time and, later on, I have no doubt there will be a place where complaints against the policy and conduct of the government may be made during the course of this debate. As I sat here and listened to the observations of certain hon. members I could not help but reflect they were not fully seized of the gravity of the situation which confronts the Canadian army and the Canadian people. I say that in a kindly way, because I think we ought to have a sense of proportion and a sense of propriety. I am aware that some people do not have that sense of propriety. We had an exhibition of it a few minutes ago from the hon. member for Kings with respect to myself. I could see that he wanted to make a play on words against me.

Mr. GRANT: A guilty conscience needs no accuser.

Mr. HANSON (York-Sunbury): And in that way to show his dislike of me. It does not make a bit of difference to me what the hon. member thinks of me. He will disappear from the political scene in due course as men of his calibre usually do.

In reverting to the subject matter of the debate, foreign affairs, I should like to offer my congratulations to the hon. member for Vancouver South (Mr. Green) on the forceful and thoughtful address which he delivered on Friday morning. Hon. gentlemen may not agree with all his premises, they may not agree with all his conclusions, but they will agree that he spoke the mind of a large number of Canadian people, and that he offered to the people of Canada constructive suggestions which are well worthy of their consideration. I personally desire to associate myself—and I

speak only for myself—with five of the six proposals which he made near the conclusion of his speech. I shall not cover the same ground or dilate on the virtues of the proposals which he made. I should like to reserve to myself consideration of the fifth proposal, namely, that Canada should become a member of the pan-American union. I should like to have a little more light and a little more information on the whole position before I give my personal adherence to that proposal. I know there are advantages and disadvantages. I understand that one of the reasons why Canada has never been invited, apart from seeking, to membership in the pan-American union so-called, is that we were part and parcel of the British empire, and perhaps on the theory, the unfounded theory, that Canada was not a self-governing dominion. However, I should like, as I say, to reserve to myself consideration of all the aspects of the proposal as to how it might affect this country.

On Friday I listened with a great deal of attention to the Prime Minister's statement of Canada's foreign policy, if one may so term it. I do not think he carried us very much farther than he has carried us on previous occasions, particularly in his speech of the 19th of March last in his review of the progress of the war. Of course I am more or less in agreement as to the main topic discussed by him, and by the same token I suggest to the hon. members and to the people of Canada that because we are in the war and because we are making now a great contribution to the war—I do not want anybody to say that I have denied that we are making a great contribution to the war—Canada must of necessity take a greater interest in foreign affairs with respect to the whole world. It will no longer do to say that we are being merged into nationhood and that we are a great world power and then retire into an ivory tower and say we will have no commitments, we will not tie ourselves up to this particular sphere or that. Great power, a great status in the affairs of the world, particularly in a war era, brings of necessity great responsibilities. Canada, if she is to call herself a nation, and an adult nation, must assume those responsibilities.

I have listened on many occasions to the Prime Minister's declarations with respect to foreign affairs, and have always thought that they were largely negative. I believe he summed up the position of his government and gave us his philosophic view with respect to this matter in the concluding paragraph of the speech which he made on the 19th of March. I am now quoting from page 1397 of *Hansard*:

> When this country went into the war it did so as a result of the action of this parliament taken on its own account, a decision reached in accordance with what it believed to be and certainly was the will of the people of Canada.

There is no quarrel with that; we all agree. But I call particular attention to the last sentence of the paragraph:

> In all our relations with other parts of the empire and with other countries, so far as the present administration is concerned, we intend to stand on the ground of a status of our own equal to that of each and all of the self-governing communities—the dominions and the United Kingdom included.

That is a positive assertion of the government's foreign policy, and that is as far as it goes. In the past if we have had a foreign policy, as I appreciate it, such as it was, it was composed of two negative positions and one positive position. The first negative position has been that we shall have no commitments at all. The second negative position, as I appreciate it, has been that we shall watch and wait to see what happens. Without desiring in any way to be offensive —and I do not wish to interject a harsh note at all—these two negative positions add up to isolation. That has been the guiding star of the Canadian foreign policy of my right hon. friend in the period in which he has been Prime Minister or leader of his party, down to the time of the outbreak of the war. I submit that is a fair interpretation. I do not think my right hon. friend will disagree.

Mr. MACKENZIE KING: I do, most absolutely.

Mr. HANSON (York-Sunbury): Then, of course, we will agree to disagree. But my attitude is this: the Prime Minister's fundamental policy of foreign affairs, with the one exception that I referred to, has been negative; it has been based on the assumption that this country shall make no commitments whatever with anybody with relation to our foreign affairs, and to me at any rate that spells isolation.

The third, that which I call the positive position which the Prime Minister has assumed, is that in season and out of season he has emphasized, and many times I think he has over-emphasized, the question of Canada's status within the British empire. No one has challenged the fact that Canada has equality of status within the British empire. It is true that was not always so, but we have had an evolution resulting from

the growth from a colonial status up to the time that Canada went into the war of 1914 of her own volition, when she took a man's part in world affairs with respect to Europe. I do suggest to the Prime Minister that no matter what imperial conferences may have said and done, the beginning of nationhood and equality of status for Canada within the realm of the British empire was established by Sir Robert Borden and by the Canadian forces at the time of the last conflict. We asserted ourselves at the peace conference which followed the last war. We were signatory to the Versailles treaty, and the evolution was then complete and accepted by the whole world. All that remained to be done was to put into concrete form, as was done subsequently, a declaration of the status contained in the Balfour declaration. That was subsequently crystallized as a declaratory statute in the statute of Westminster, which, I believe, went a little further in respect of the section which refers to the Colonial Laws Validity Act.

So that Canada evolved as a self-governing nation in the course of time by reason of the trend of events, not by any statutory provision. She evolved as a self-governing nation by taking her place, her proper place, within the sphere of empire. And to be harping—perhaps a better word would be dwelling—upon this question of equality of status is just putting up a straw man and knocking him down. To me, coupled with the isolationist position which the Prime Minister I believe always occupied up to the time of the last war, the two together tend toward separatism. If I should wish any confirmation of my views in relation to this matter I should have only to refer to the speech of the hon. member for St. Lawrence-St. George (Mr. Claxton) in the house on Friday last, and to other speeches made by the hon. member.

Mr. MacNICOL: One cannot attach any weight to them at all.

Mr. HANSON (York-Sunbury): I might just as well deal with the position as I see it, here and now. Some sessions ago the hon. member made a speech in the house in which he said I had assumed—and I believe he was referring more particularly to me—that I was more British than the British. Well, I never claimed to occupy any such position. I am a Canadian first, as I believe he is. But since the war began, and particularly since Dunkirk, believing as we do in the ideals and principles which actuated the British when they entered this war in September 1939, knowing that as a result of what happened at Dunkirk Great Britain stood alone, as she did for many months; believing that she then assumed and still retains the moral leadership of the world—having regard to these facts we could not do anything else, it would be unbecoming for us to do anything else than to support Great Britain—indeed it was our bounden duty—during the whole period of the war. And I believe that government policy has been directed along that line.

But that is not the philosophy of the hon. member for St. Lawrence-St. George, protest as he will—and I know he hedged in his speech last Friday in respect of his previous utterances—

Mr. CLAXTON: There was no hedging at all.

Mr. HANSON (York-Sunbury): Well, that is a matter of opinion. I assert it and the hon. member denies it. We shall have to let it go at that. I am not going to take the time to analyse his speech. But I have always understood that the hon. member belonged to that school of isolationists and separatists which is most vocal in the country, whose chairman is Professor Frank Scott of McGill university, and to that school of thought of which Mr. Underhill of Toronto university is chief spokesman.

Mr. CLAXTON: May I ask the hon. member a question?

Mr. HANSON (York-Sunbury): Yes.

Mr. CLAXTON: May I ask if there is any evidence anywhere, at any time, of my ever having belonged to any school of isolationism?

Mr. HANSON (York-Sunbury): That is a fair question, and I am bound to tell the hon. member that I am endeavouring to locate the evidence at this time. I have not got it before me now, but I believe it is there.

Mr. CLAXTON: There is no such evidence.

Mr. HANSON (York-Sunbury): And I believe it is there in a statement made in the Winnipeg *Free Press*, in which the hon. member's name is included among a list of one hundred men who demanded certain things with respect to Canada's foreign policy.

The hon. member told us on Friday that in 1937, I believe it was, he was one of those who demanded the removal of Mr. Chamberlain from the prime ministership of Great Britain. I just wonder at the, shall I say nerve, of a group of people in Canada who

would tell the people of England who ought to be their prime minister. What would we in Canada say if some public man in England were to tell us that we ought to get rid of Mackenzie King, and get rid of him once and for all?

Mr. MARTIN: Some people in Canada tried that.

Mr. HANSON (York-Sunbury): It is all right for the Canadian people to do that, but the point I make is that we would resent any public man in Great Britain telling us who our prime minister should be. And, if I may say so, I think the hon. member had a lot to do, when he told the people of Great Britain who ought to be their prime minister he was carrying a pretty big load. I was reminded of the Three Tailors of Tooley Street—"We, the people of England."

The hon. member's views appear at page 4599 of *Hansard,* and I have said what I think about them. Am I correct in saying that in 1938 the hon. member for St. Lawrence-St. George was one of those who advocated the neutrality of Canada? Was he one of those who joined with the late hon. member for Selkirk in respect of a bill that hon. member introduced in the house declaring that if Great Britain went to war Canada should be neutral? Has he read the speech of the then minister of justice, one of the greatest speeches in my opinion that the late Mr. Lapointe ever made, in which he controverted that position, and as a result of which that line of thought never attained more than a premature birth in Canada?

Mr. CLAXTON: Is the hon. member asking me to answer?

Mr. HANSON (York-Sunbury): Yes.

Mr. CLAXTON: At that time I advocated our taking—and we had to take, of course—precisely the course which we took in 1939.

Mr. HANSON (York-Sunbury): That is not my information. I am bound to say I have not the evidence here, but I think it is available. I have been told it is available, showing that the hon. member for St. Lawrence-St. George, who I know is an isolationist, was at that time in favour of the neutrality of Canada. If he denies it, then I accept his word.

Mr. CLAXTON: I deny it absolutely. There is no trace of evidence that I was an isolationist, as my hon. friend has said, at any stage. There is the fact that I advocated from 1931 on, Canada's full participation in all the agencies which would make for international peace, security and prosperity. That is I think the exact opposite of being an isolationist.

Mr. HANSON (York-Sunbury): Is the hon. member one of those who adheres to the position of Professor Underhill of the university of Toronto who declared some months ago, perhaps some years ago, at least prior to this present war, that if Britain should ever again be engaged in a European conflict and require aid, Canada apparently should thumb her nose at her? That is a matter of record. These gentlemen meet together at Lake Couchiching and they give utterance to sentiments that are shocking to Canada in these perilous times. No matter what the hon. member may profess to express at this time, he does not express the views of the Canadian people with respect to foreign policy. He did not do so in a speech which he made in another place and which is unreported; he did not express the views of loyal Canadians, nor did he express them on Friday when he took the position which he did. I repudiate the suggestion that he speaks for me or for the people who think like me.

Mr. CLAXTON: The hon. gentleman has suggested that in some speech upon which he cannot put his fingers I have expressed views which are not loyal. I submit that that suggestion is unparliamentary. My. hon. friend cannot find such a speech because there is no such speech.

Mr. HANSON (York-Sunbury): I may have it after the recess. I have been very frank and suggested that while I asked for it I could not find it in the library before I came here, but I am told that it is there.

Mr. CLAXTON: I ask my hon. friend to withdraw that remark.

Mr. HANSON (York-Sunbury): What is the specific remark that I am asked to withdraw?

Mr. CLAXTON: The hon. member has suggested that I made a statement showing my disloyalty.

Mr. HANSON (York-Sunbury): I never said anything of the sort. What I said was that the statement on foreign policy to which the hon. gentleman gave utterance does not represent the views of the majority of Canadians, and it certainly in no sense represents my views. If it is intended to represent the philosophy and policy of the hon. gentleman, so far as I am concerned I do not belong to that school of isolationists and separationists. The hon. member for St. Lawrence-St. George

is the understudy in the privy council office of the Prime Minister, and I should like to know if what he said on Friday represents the views of the Prime Minister. It would be interesting to know if the Prime Minister accepts the views to which the hon. member for St. Lawrence-St. George gave utterance.

I should like to refer briefly to the Prime Minister's statement. I was struck by the fact that the Prime Minister indicated that while Canada had been consulted in connection with one major sphere of war time activity, namely, the production of supplies and war materials, we had never been consulted with respect to war strategy or the carrying on of the war. That is to say, we were not taken into the councils of the United Kingdom and the United States with respect to what should take place.

Mr. MACKENZIE KING: I do not think I ever made a statement of the kind.

Mr. HANSON (York-Sunbury): That is the inference I have drawn.

Mr. MACKENZIE KING: My hon. friend is drawing an inference—

Mr. HANSON (York-Sunbury): I am entitled to draw any inference I like. That is my interpretation. I gathered from what the Prime Minister said under interrogation that while we had been consulted with respect to war supplies and war materials, we as a world power, if we are to call ourselves such, had not had any part or control in determining world war strategy.

Mr. MACKENZIE KING: That is a wrong inference altogether; that is an unwarranted and wrong inference.

Mr. HANSON (York-Sunbury) Is there anybody within sound of my voice who believes for one minute that if we had been informed beforehand of what was proposed to be done at Casablanca, the Prime Minister would have neglected to tell us about it? There is not much that he neglects to tell us that reflects his own glory.

Mr. MACKENZIE KING: Does my hon. friend suggest that before Casablanca I should have told this House of Commons of the strategic proposals that were to be put forward at that time?

Mr. HANSON (York-Sunbury): No, I never made any such suggestion.

Mr. MACKENZIE KING: That is what my hon. friend is saying.

Mr. HANSON (York-Sunbury): What I did suggest was that while Canada was taking a major part in certain aspects of the war, and somewhat belatedly in connection with armed forces—I am not placing any fault on anybody for this—we have never been consulted with respect to war strategy or world war planning with regard to fighting.

Mr. MACKENZIE KING: That is not—

Mr. HANSON (York-Sunbury): That is a fair inference to draw from the fact that if we had been consulted I am certain we would have been told about it. There is not much that these gentlemen ever miss in telling about their own glory.

Mr. MACKENZIE KING: If my hon. friend will read the speech I made at the opening of the session on the address, he will find there specific reference to the extent to which we were consulted.

Mr. HANSON (York-Sunbury): I should like to refer to the speech made by the Prime Minister on Friday at the opening of this debate. He was referring to post-war concepts, and I should like to quote from page 4558 of *Hansard*, as follows:

> The time is approaching however, when even before victory is won the concept of the united nations will have to be embodied in some form of international organization. On the one hand, authority in international affairs must not be concentrated exclusively in the largest powers. On the other, authority cannot be divided equally among all the thirty or more sovereign states that comprise the united nations, or all effective authority will disappear.

With that last statement I am in agreement. You could not get far with an unwieldy body; progress would be hopeless. Then he goes on to say:

> Representation should be determined on a functional basis which will admit to full membership those countries, large or small, which have the greatest contribution to make to the particular object in question.

I wish the Prime Minister had enlarged on that proposal. Was that statement based upon any consultation that has developed between united nations representatives, or was he flying a kite to see what the effect would be?

Mr. MACKENZIE KING: That is the position I have taken right along.

Mr. HANSON (York-Sunbury): I do not think so. I think the Prime Minister was putting forth a compromise position between joining up with one side or joining up with the other in the peace conferences or post-war consultations that will be held. Canada has made a great contribution to the war, although not as great as any of the big four, if I may use that term. She could not hope, I should think, to play a part as great as any one of the four in the consultations that will take place.

That conception has a good deal of merit, but I wish he had explained just what he means by the term he used. I noticed two editorials, one in the Montreal *Gazette* and the other in the Montreal *Star* of Saturday, commending the position which the Prime Minister indicated. But the Prime Minister did not say enough; he did not let the Canadian people know what was in his mind. Is he waiting for the reaction thereto?

Canada has become a nation by reason of the contribution which she has made. Britain has the moral leadership of the world, and she won it as a result of standing almost alone, yea, in fact, alone, at and after Dunkirk. They are our blood brothers over there. On the other hand there is the geographical propinquity of Canada and the United States. Canada, it has been said, has been the intermediary between the United States and the United Kingdom, and the interpreter of one to the other. I am not sure that that has worked out in practice, though I think to a degree it is true. But if the testing time comes, and we have to choose between the one and the other—and I pray God for the sake of the general good of the world, of peace among nations, and of the great world which we would like to see afterwards, we shall not have to do that—I say, if the testing time comes, then I tell my right hon. friend that so far as I am concerned—and I would not pretend, like the hon. member for St. Lawrence-St. George, to speak for the nation—my vote and my voice, my advice to the Canadian people in so far as it may be asked or heeded, will be, "Let us stand by the empire."

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mrs. CORA T. CASSELMAN (Edmonton East): I wish to make just a few comments on the foreign affairs of Canada. The Prime Minister (Mr. Mackenzie King) made a masterly statement the other day and again this morning, setting forth what Canada hoped to do and what she is doing at the present time. He told us something of the future.

To be brief, I wish to associate myself with the remarks that have already been made by the Prime Minister and by the hon. member for St. Lawrence-St. George (Mr. Claxton). There are three main points I would like to emphasize as regards Canadian policy. The first is that Canada's policy should be Canadian, that is, a policy to which the great majority of our people subscribe and to which they give loyal support, even though they may differ in details.

No matter what hon. members may say of a lack of policy in the past, Canada was one of the few nations which answered "present" when the hour struck and when the aggressor sent his hordes into neighbouring territory. It was the United Kingdom, the Dominions and France alone, without being themselves invaded, who joined in this war against the axis powers, and they did so because of a principle for which they stood and because of their enlightened self-interest, as the hon. member for St. Lawrence-St George put it on Friday. They saw their own interest threatened. We acted then on a Canadian policy.

Secondly, Canada, as a free autonomous nation within the empire, should work in close association with other parts of the British commonwealth of nations and with the United States, because their outlook is so much the same as ours. It is expressed pretty well in the Atlantic charter. The charter may be too idealistic, but it shows to what we can work, and if we know the goal to which we are going we are less likely to be lost in the maze of complicated, intricate international conditions. The commonwealth is linked in a common ideal personified in the crown, and I think we realize it now more perhaps than ever.

A distinguished journalist, Mr. Percy J. Philip, who knows his history, had this to say quite recently:

> When people talk glibly of a better world organization I sometimes wonder what they have to offer, what will surpass in gallantry, in liberality, in creativeness and in courage the living organization that has withstood for the second time in thirty years the challenge of the greatest military power in the world and, in doing so, has lost not a single essential freedom.

The third point for a Canadian policy, it seems to me, is that our own country and peace is wrapped up with the security and peace of the world community, Mr. Philip went on to speak of a new democratically organized community of nations.

Whether we like it or not, Canada is caught in a historical and geographical position that becomes more and more central with the growth of air power. We cannot escape that. I believe strongly that only a system of collective security can prevent another world war within this century. It will not prevent all war. It may itself make war to uphold law and order. Yet if it is not ready to do that, to go to that length to back up its decisions, with force perhaps, any evil-minded aggressor may again upset the world's peace.

In this era of mechanized power no nation, however strong, can hope to stand alone. We recognize that the ideal of world peace is comparatively new. Nation has warred with nation since the beginning of time, and periods of no war have been very few and scattered. But the ideal is here, and I feel that the League of Nations moved us just a little bit closer to that ideal. The league was meant to control war, and what a world it started out in! Of the seven great powers, the United Kingdom, with the dominions and France, were the only two who belonged to it throughout the years. The United States never belonged, and Russia went through the throes of a bloody revolution and its aftermath. Italy was very soon dominated by a man who preached war as an instrument of international policy. Germany belonged for a few short years, and Doctor Stresemann's death was a tragedy for us all. I do not think that Japan ever understood any of the principles that underlay the League of Nations and what it hoped to do in the score of years that intervened between these two great wars. Yet even now there are nineteen nations paying dues to the League of Nations, and the International Labour Organization.

I wish to quote from a statement of June 15 of this year, by Mr. P. G. Waterson of the League of Nations, of Princeton, where one of the divisions of the league is still in exile, just as the International Labour Office is here in Montreal. With regard to the payment of dues this is what he says:

> During the course of 1942 the following countries made contributions: Australia, Belgium, Canada, Chile, Czechoslovakia, Egypt, France, Ireland, India, New Zealand, the Netherlands, Norway, Poland, the Union of South Africa, United Kingdom.
>
> I have not as yet received full information regarding the present year but believe the payments have also been received from Mexico and Portugal. In the above I have not included states members of the international labour organization but not members of the league. The regular payers among them comprise the United States of America, Brazil, Chile, Venezuela. In addition, the United States of America also contribute to the league in respect of their participation in the work of the opium section.

That is signed by Mr. P. G. Waterson. These countries therefore must see a hope even yet in the league, and we may yet build on what has survived of that league ideal. We do not know what form the new peace treaties will take, but here is evidence of willingness to cooperate in the attempt to bring peace and security and order out of chaos through a collective system. I am not arguing for a renewal of the league in the form in which it stood. It is still too early to make any blueprints. The war itself will shape the future, will create and harden international relationships. There is a tremendous outpouring of hate now against Germany in the occupied countries. Why would there not be? Contemptuous, cold-blooded, calculated cruelty must engender hate. But on the other hand I do not think there has ever been such good-will among some of the powers of the world that are now allied as there is at the present time; and after all, good-will is a pretty good basis for any international cooperation.

I wonder if we could capitalize on that good-will now. Could we not, while the realization of what we owe is strong upon us, begin to shape that cooperation now? I believe it is being shaped quietly and efficiently, through such negotiations as the Prime Minister has put before us. Let me indicate the desire for cooperation. Take the British empire, or the commonwealth, whichever you call it. Do you not think that our allies are more friendly now than they were back in 1938 and 1939? They now see the issues at stake which they did not see in 1939. They have seen the British people stand up alone after the defeat of France to take tremendous punishment with unbowed heads and fearless hearts. Do not more people now realize the truth in the words of General Smuts when, referring to the empire, he said:

> This greatest human experiment in political organization, this precedent and anticipation of what one hopes may be in store for human society in years to come.

It is not that we think the commonwealth has failed that we advocate a wider order. Surely our allies see that British imperialism is a thing of the past.

What about Russia? Has there ever been a time in the last quarter of a century when Russia's stock stood higher? We have evidence that Russia's suspicions of her allies are much less to-day than they have been at any time in the last quarter of a century. That may be shown by the twenty-year pact of friendship between Great Britain and Russia, and by Russia's recent dissolution of the comintern. One of the ways by which Russia thought she might bring about better conditions for everybody in all the countries in the world was through the communist idea. It was revolution in Russia and world revolution, in theory. In France, before its fall, its last parliament contained I believe seventy communist members. But the Russian nation has dissolved the comintern as if it now

thought that there might be better ways of collaborating than through a revolution. Russia's stock stands high.

What about China? We know now what China learned years ago, the strength and barbarity of Japan. The British, like the Chinese, have stood up under the bombing of their cities. A new bond there! We must hold fast to the comradeship which has been established in the face of the common enemy and the common danger.

In the United States we find a new realization of her position and responsibility as a great power. This is shown in the public utterances of President Roosevelt and other outstanding men. I quote just this one paragraph from a speech made in April of this year by Sumner Welles:

> And I am even more convinced that unless the American people are willing to assume their fair share of responsibility for the maintenance of peace in the world of the future, by joining in the exercise of powers when they may be determined by international agreement to be necessary, and by participating in such other forms of international cooperation as may effectively prevent the rise of economic or political dangers, the peace of the world cannot be maintained.

Take the state legislatures. A report in the press of July 3 states that in thirteen of the legislatures of the United States resolutions have been introduced and agreed upon to the effect that they are convinced that the sequence to victory in this world war must be international organization of all nations to lay the foundations of peace. These resolutions differ from one state to another, but thirteen legislatures of the United States have adopted such a resolution. Those states are: North Carolina, New Jersey, Montana, Maryland, New York, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, Pennsylvania, Alabama and Florida.

It may also have been noticed that the Republican party, somewhat isolationist but not entirely, has set up the Republican Post-war Policy Association, which according to the press is making international collaboration a part of its programme.

What about our other allies? The mutilated, occupied nations of Europe, some of which were neutral back in the first great war, have a different idea now I think of how closely they should collaborate. We have all realized that we cannot have the benefit of national sovereignty in its entirety and at the same time enjoy security.

Our other allies of the Americas have shown that they realize what it is all about. They have shown it by their membership in the League of Nations, and by the joint accord they signed in January, 1942, in Washington.

I maintain that never before in the last twenty-five years has there been a time when there has been a better basis for action based upon good-will among the allied nations of the world to bring about a system out of which we may hope to attain peace and security. Not that good-will alone can give us peace and security; that is only part of it. But it is a good basis. You must have the institutions through which that good-will can act. But the war has taught us the alternative to collaboration among the countries of the world, and the alternative is another war, I believe, within the century.

Making the peace will bristle with difficulties. Let no one imagine that it can be easily done. In spite of mutual respect there will be an aftermath of bitterness and of disillusionment which may nullify the best efforts of our statesmen. Statesmen are only human, with the weaknesses and strengths to which human nature is subject. Will the democracies stand by their statesmen? You know the dangers there. National leaders at peace negotiations know that back home millions of people are watching to see that there is no sacrifice of national prestige or national sovereignty. The elected president or the elected prime minister knows how easily political opponents seize on every opportunity to denounce any concessions made. That is why we so desperately need an informed public opinion which will steadily hold up the hands of our statesmen. One does not need to go far afield to get examples of leaders who were not followed. But I did go far afield and I have here a quotation from an article by Doctor F. W. Sollmann, who was a member of the German government in 1923, an associate of Stresemann and editor of a chain of papers under Kaiser Wilhelm. He was one of the German delegates to Versailles in 1919, and fled from Germany in 1933 since when he has been a resident of Pennsylvania. He makes this statement in an article in the Dalhousie *Review* for May entitled "Facing the German people":

> Chancellor Stresemann often told me how he suffered under unfair attack in his own party. He and the first Reich president of the republic, Frederick Ebert, and many statesmen, died prematurely, hunted down by the attacks of a slandering opposition.

I went far afield for that.

The only hope of avoiding the danger of the demagogue's appeal is an informed public opinion. Extremists are always vocal. Can we in Canada understand that foreign relations must be removed from the realm of partisan party politics if stable relations with

other nations are to be built up? How can we reconcile our democratic right of criticism with steady support of international policy? Preparation for peace should mean the awareness of our own people of the sacrifices that must be made for peace. An informed public opinion, yes, and how can it become informed? Years of study will still leave much to be desired, but we should know something of the difficulties which come through the clash in national objectives. I think we ought to realize that the basis of lack of cooperation is a fear of domination, a fear that somebody else will form your policy for you. If we are ever to arrive at collaboration we must realize that other nations feel the same way about these things as we do. Let us not forget, when we speak of democratic countries, that the German people voted Hitler into power, mainly because he promised the easy way to get rid of mass unemployment, and to place Germany in the sun again. They voted him into power, and every democratic country faces a like possibility unless we have an informed public opinion that can examine policies from a non-partisan angle as they are set before them.

I should like to read a quotation from the *Christian Science Monitor*. This is an editorial which appeared on Armistice day, 1942. It might be entitled "How far can we go in collaboration?"

> To-day the problem of durable peace is being discussed from so many angles that the public is in danger of confusion. If, before we can have peace, the income of every person must be guaranteed, if every vestige of racial or social discrimination must be obliterated, if every man must adhere to rules which mortals have never learned completely to live by, then peace is indeed a complicated business, and not to be achieved short of a perfect world.
>
> That may be true of the peace that passeth all understanding; it is not true of the peace that exists between states joined in federal union, or which are members of a commonwealth, or which have recognized their fundamental interests as bound up with other nations. Among such peoples political peace is preserved by sharing in maintenance of forces protecting order while justice is being won. The next goal for world peacemakers may well be the establishment of this concept of sharing a single force for the preservation of world order. As much justice as is possible of achievement must of course be written into the next peace, but the supreme aim is that the peace shall be protected by force as widely supported as possible.

I should like to read what Anthony Eden said about this century in an address he made on July 3 to the English-speaking union in London. He said he was more than ever convinced that "the message of the twentieth century is the utter interdependence of all nations."

There is much more that I should like to say. This is pretty much theory, but you have to have theory before you can do anything else. You require support for a policy that is to be put into force. I am very much interested in this question of peace and war; I am concerned as all people are because war makes or breaks a nation and the civilization of the world. We must build together with other nations if we hope to build a permanent structure.

Mr. E. G. HANSELL (Macleod): Mr. Chairman, I am sure that we listened with some interest and perhaps with some expectation to the Prime Minister's speech of last Friday on foreign policy. I was, however, a little disappointed to discover that within about half an hour the Prime Minister spent some considerable time in reviewing the world situation as it appears to-day, making special reference to the war in the Pacific; he spent some time on the recently conducted food conference, and on the question of refugees from Europe, and therefore in the half hour period there was not much time left for him to give to this country the foreign policy of his government for the next year. It has become almost the rule of the day for the government to say this and that is a matter of government policy; therefore we cannot announce it until the appropriate time—the appropriate time meaning when the government thinks it is appropriate.

May I suggest, Mr. Chairman, that we are passing estimates for the year 1943-44. We are asked to vote sums of money for the administration of the Department of External Affairs to carry on some sort of policy for the next year; therefore when we are being asked to vote appropriations for the ensuing year the country has a right to know what the government's foreign policy is for that year, and so far as I am concerned—and I think the whole house will agree—we are still at a loss to know what that policy is. I believe I could go a little further and suggest that last Friday's debate, and the debate that is now in progress can be regarded as a continuation of it, is perhaps one of the most important debates that has taken place in parliament this year. That has been referred to before, and I thought that all parties of the house would take the opportunity to announce what their foreign policy might be. But I have not heard in any very pronounced terms what the foreign policy of the Progressive Conservative party is. I happen to have in my files a printed document which came out of the Winnipeg convention, I believe. It is entitled "Freedom, security, opportunity and

the British partnership policy of the Progressive Conservative party." They do not have a great deal to say about it, although they go a little farther than the Prime Minister went on Friday. The Prime Minister did not tell us what the policy of his government was in respect of future foreign relations.

I come now to the next speaker, the leader of the Cooperative Commonwealth Federation. I expected that he would announce what the foreign policy of his party was, but I listened in vain. He spent some considerable time justifying a statement he made in respect of the appointment of one of our foreign representatives, and some little time in respect of the Jewish refugee question, but I listened in vain for a pronouncement with regard to their foreign policy. I happen to have with me an article which I cut out of *Canadian Business*. This article has to do with the Co-operative Commonwealth Federation. I find there are six points enumerated, but I cannot see anything with regard to their foreign policy. Statements which have been made in the past indicate to me that there is one tribute I might well pay to their late leader, Mr. Woodsworth, and that is that he was indeed a sincere and honest man, and that he was candid in his pronouncements in the house. My memory goes back to a time only a few short years ago when he sat in the house, and I recall clearly that on every occasion on which foreign policy was discussed his voice was heard. I do not know that the policy of that party has changed, but pronouncements which have been made in the past would lead one to the belief that their policy, in a word, is one of internationalism. There have been a few statements which would indicate that they are not particularly definite in respect of Canada's policy in the British commonwealth of nations, but they do seem to be definite in respect of collective security of some kind. I always have asked myself the question: Collective security with whom? So far as I am concerned there is no greater collective security in the whole world than that embodied in the British commonwealth of nations. The other day the hon. member for Lethbridge (Mr. Blackmore), stated something which has great value in respect of our attitude on foreign policy. Following that up I shall read only a few sentences from a speech by the hon. member for Vegreville (Mr. Hlynka), on February 18, 1943, where at page 521 of *Hansard* he is reported as having said:

> To me the British crown is the heart and symbol of the British commonwealth of free and sovereign peoples. To me the British crown is the symbol of unity and the heritage of British ideals of more than a thousand years. More than that, we should prize our position within the commonwealth because we are the benefactors in all and everything that has been achieved over centuries of progress. For instance, should it not occur to us that we are equal partners in a unique association of free sovereign nations. . . . Let me point out the underlying principles of our British democratic system. It is simply this, that the extent and the power of the British commonwealth of nations are consistent with the maximum of individual freedom, the maximum of local and provincial autonomy, and the maximum of sovereignty of each unit-nation, fitting into the pattern of the commonwealth. This philosophy of statecraft has been built on practical experience, and it is opposed to other philosophies which are supported by many, and which include the surrender of our national sovereignty in favour of some super state. . . . The philosophy of the British people is diametrically opposite to that of totalitarianism in whatever form it appears.

The greatest assurance of individual freedom that can be found is expressed in those principles underlying the crown of the British commonwealth of nations. And to surrender any of that sovereignty to an outside body, and work from the top down to the people, is the very converse of democracy. Democracy, first and foremost, is the freedom of the individual expressing itself to its government and its administration. It is government exercising its powers to bring into existence the results that the will of the people desire. The setting up of international institutions does not guarantee that individual freedom. I do not say of course that there should not be some measure or some programme of international cooperation. International cooperation is one thing, but internationalism that will give over any of our national sovereign rights to a central power outside ourselves is neither democratic nor tending to assure individual freedom.

I do not know that we can properly diagnose the present world situation by simply looking at things as they appear on the surface. I am reminded of a solemn and striking portion of holy writ which says:

> For we wrestle not against flesh and blood, but against principalities, against powers, against the rulers of the darkness of this world, against spiritual wickedness in high places.

That is true. Hidden somewhere in behind the scenes of human activity the forces of evil which operate backstage are the forces to be most feared. I suggest that the present world conflict, after all, becomes only an incident in the progress of history. What are we fighting for in this war? That question is often asked. It is usually answered by stating what we are fighting against, and we are usually told that we are fighting against the totalitarianism of Europe, that we stand for democracy, and that our fight is against totalitarianism with all its evils. It seems

to me the dangerous situation is that in fighting against the evil powers of totalitarianism abroad, Canada and the other countries of the British commonwealth of nations may find themselves in the grip of a state-dominated system of our own making, because of powers which operate behind the scenes for eventual world domination. I am convinced that there are very powerful forces at work to bring about this disastrous condition. This is evidenced by bold assertions coming from many quarters that instead of a reconstructed democratic order after the war we must expect more government control, more bureaucratic regimentation, and all the other odious features of totalitarianism which have created so much havoc in Europe.

Much of that might be taking place in our own country, right under our own noses. But what of the world at large? I am not apologizing to the Prime Minister for saying this, but I think he should have stood up on Friday night and told the world that as far as Canada is concerned we will never countenance any move toward a supranational or world government, or any other move or utterance that would ask the people of Canada to give up any part of their sovereignty. If he had said that, I think he would have received the plaudits of this nation. The hon. member for Broadview (Mr. Church) said that Canada needs the British empire—I agree with him. He said that the British empire needs Canada—I agree with him. I would go further and say that the world needs the British empire. I am convinced that there are powers that are seeking to destroy that empire, and have been for years. I am convinced that what took place in the two decades before the war was nothing more than a move on the part of unseen powers to render helpless the British commonwealth of nations.

May I say something which has been said before—this thought was expressed this morning by the hon. member for Lethbridge—I think it is nothing short of a miracle that Great Britain withstood the enemy in those years gone by. Dunkirk was a miracle, and it is a miracle that Great Britain, the British commonwealth of nations, and Canada too, have in such a short time come to be such powerful nations in respect to armaments. It is a miracle that this has been done, and perhaps the hand of Providence had something to do with it.

I have a good deal of material in my scrapbook, and I could not help but turn up a certain article a few days ago when that wonderful lady, Madame Chiang Kai-shek, was here. We applauded her, we praised the great courage of the Chinese people, and we listened to her with all the intensity of our souls. It was a great day in Canadian history when she spoke in this chamber, but while I listened to her I could not help but hang my head in shame as I thought of what had happened in days gone by when the British commonwealth of nations was powerless to help China against the onslaught of powerful militaristic Japan. I went up to my office and I turned up an article which had been written by Madame Chiang Kai-shek and which appeared in *Liberty* magazine of December, 1940. This was over a year after the war had started. I should like to read just a few paragraphs from the pen of Madame Chiang Kai-shek. This is not someone else reporting Madame Chiang Kai-shek; it is what she wrote herself. She said:

> Japan's easy conquest of Manchuria by unscrupulous means was but an example of how an aggressor could safely kick irksome principles into limbo and survive unscathed to enjoy not only the possessions of the "conquered" territory, but also the continued political, economic, and social good-will and friendship of those democratic nations which were originally the most vociferous in their denunciation of the aggression. Japan had tested international reactions to undeclared warfare, to the wholesale abrogation of treaties; and she found them empty of danger—either immediate or remote.

Have we reason to believe that any supranational authority can bring about treaties which will be any more sound? The article continues:

> When Japan invaded Manchuria we refrained from resisting because the League of Nations undertook to adjust matters. They lost the region for us. There was a difference, however, when the Japanese proceeded to invade China proper. Then we abandoned faith in international undertakings, and we fought. For more than three years now Japan has been gouging with ferocious intensity at the very vitals of our country. She set the example for the wholesale slaughter and destruction now running riot in Europe—an example that might never have materialized had the democracies only fulfilled their obligations to China by restraining Japan.

Mr. BLACKMORE: Without the League of Nations.

Mr. HANSELL: She says that the League of Nations broke down, that they were not able to handle the situation, that they were powerless. She goes on to refer to the power of money, the power of cartels—she does not use that word here—and the power of world trade. She refers to the fact that the great democracies were feeding Japan with munitions of war but were not doing the same thing for China. The article continues:

> America amassed profits by selling to Japan the necessities of warfare. Eighty per cent of Japan's war supplies came from America—

Mr. COLDWELL: And Canada.

Mr. HANSELL: She said that eighty per cent came from America; I can only quote what is written here. The article continues:

—and ninety-five per cent of the aviation gasoline which was used by Japan in her ruthless bombing was American.

China has thus been compelled to fight a war not of her own making with a power which has been aided and abetted unstintingly by the markets of the democracies. These markets were virtually closed to us, for no help was given us to avail ourselves of them. China has been the champion of the principles for which other democracies are now at war, but mention of what China has been able to do for the cause is seldom if ever made—an amazing situation.

And further:

What has happened, however—and what has not happened—is another great lesson to the Chinese people, another bitter lesson that they will never forget. They will remember never to believe in international promises, no matter how many imposing seals adorn the documents.

And again:

What the future holds no one can tell, of course. If, unhappily, for the democracies as well as for China, we should be defeated in the end, at least the world ought to know that we were beaten not because of lack of courage —either moral or physical—but because China was strangled to death by an economic noose fashioned by Japan out of British appeasement, American profiteering, and French fear.

There is one thing I should like to say in that respect. It was not the people of China, or the people of Canada, the United States or Great Britain, who had anything to do with that. The governments were responsible. Once again I refer you to that passage of holy writ which says:

For we wrestle not against flesh and blood, but against principalities, against powers, against the rulers of the darkness of this world, against spiritual wickedness in high places.

The hidden hand of world finance is at work to destroy humanity and civilization, if possible, and one of the best ways it can do it is by destroying the British commonwealth of nations; and one of the pieces of ingenuity, I personally believe, wrought by that hidden hand is to set up a supranational world government which will have control of a world monetary unit which will in turn control if possible the internal economy of every nation in the world, the British empire included. The Prime Minister would have done a service to himself and his government had he stood up here on Friday and said, "This government will never tolerate the handing over of our sovereignty to any internationalism, no matter by what name it may be called."

This is a time in the world's history when the foreign policy of this country should be announced. It is a time in the history of this country when the Prime Minister should promise the Canadian people that no commitments shall be made and no documents embodying such commitments shall be signed until those commitments are known to this parliament, and through parliament to the people, so that the people themselves can say "yes" or "no" regarding those commitments. But, knowing what has happened, I can suggest what is going to happen. I do not know who will represent us at the peace conference, but I am sure that a number of significant things will happen before the conference. Diplomats will be running all over the place. In his speech on Friday the Prime Minister mentioned certain international conferences. I doubt whether we know what goes on there behind the scenes. I do not say that the Prime Minister should be so bold as to tell the whole world, but it is the right of the people's representatives to know from A to Z what goes on behind those closed doors, and he can tell us in a secret session if he wishes to do so. These events are happening while the people's minds are occupied with the war. The technique of evil powers seems to be to get the people's minds off the future and keep them on what is happening to-day, confuse them with this and that, worried as they are with the fate of their loved ones battling overseas, so that these evil powers can put over their designs now. I believe I can see what is going to happen. I do not know who will sit at the peace table; it may be the Prime Minister; certainly it will not be myself or any member of our group; I doubt very much whether it will be any members of the party to my right.

Mr. BRUCE: What about us?

Mr. HANSELL: I do not know whether the Progressive Conservative party will gain much power. The fact is that we do not know what is the Prime Minister's policy of the future, in relation either to foreign affairs or to domestic politics. I fear that commitments will be made, that documents will be signed, and that this parliament will be asked not what it wishes to do, but to ratify commitments which have already been made. If I am in parliament at that time I may have the privilege of reminding hon. members of this prediction.

I can only reiterate that I believe the Prime Minister owes it to Canada to give us, before the debate is ended, a full pronouncement upon his government's foreign policy.

Mr. BROOKE CLAXTON (St. Lawrence-St. George): I have one or two words to say after the speech made by the hon. member for York-Sunbury (Mr. Hanson) this morning, and I am grasping this early opportunity of doing so.

The hon. member referred this morning to statements which he said I had made at some occasion or another. I asked him then if he could produce any such statements. He said he was looking for them and he hoped to be able to produce them. I notice that he has been back in the chamber since, and he has not taken advantage of the opportunity of producing them, so that I assume he has not found them. It would have been generous, of course, to say that he had not found them, because no such documents can be shown to exist, but since he has not cared to do that, I should take this opportunity of saying that there is nothing whatever in the assertions he made and that no such documents or statements can be found because they do not exist. In fact the one thing he specifically referred to, namely the manifesto which he said was published in the Winnipeg *Free Press*, was not only not signed by me—it was signed by a very considerable number of distinguished Canadians, including a number of Conservatives—but also it did not bear anything of the import ascribed to it. This manifesto is a declaration of Canadian unity in war and peace, and it urged that the Canadian government and parliament should put itself on record, before an occasion presented itself when it would have to declare war or not, that it had the right to do so. I remember being asked to sign this at the time, and I refused to sign it for two reasons. The first of those two reasons was that I did not think the time was ripe for it. I thought that at that time, when war seemed imminent, the document would be misunderstood—which I may say was the reason given by the Prime Minister for rejecting the legislation it advocated. Second, I felt that the course that would be pursued by the parliament and government of Canada would establish the course that was advocated and would make the point abundantly clear, as I thought it should be made in the interests of the unity of Canada and of our greatest possible contribution to the cause which at that time everyone could see lay ahead.

May I say just one or two other words on the same point. When the hon. member for York-Sunbury said that I should not have said that I advocated one British statesman in opposition to another, I admit his charge completely: I should not have said it, and I never did make that advocacy in public. I did however feel provoked by the attitude of some people to the views I then expressed. Events have justified the views I then expressed. However, I should not have said that to the house, because I never made that advocacy in public, and probably it would have been improper for me to do so.

In all this discussion there seems to be a fundamental confusion, which is so extraordinary as to be almost deliberate, between a point of view which was one of simple self-respect in Canada, and what the hon. member for York-Sunbury calls isolationism. I venture to say that if you look back over the record—and I can give the texts of all the speeches I have made, which are far too many—from 1932 on, you will find that there has been no more determined anti-isolationist in Canada than myself. You will see too that the very commencement of my taking any active part in the discussion of external affairs was my strong antipathy to the policy then being taken by the government of which the hon. member for York-Sunbury was a member. That policy was taken at Geneva in 1932. It was expressed by my predecessor in this house in a speech which he delivered at Geneva on I think December 12, 1932, and it was a policy which was then generally regarded by most students of the subject as one that was not strongly opposed to the position and the pretensions of Japan with regard to Manchuria. With that policy I disagreed, and I believe that events have proved the attitude I then took right, because it was that policy and the kind of thing it represented which led to the deterioration of international affairs everywhere.

Mr. BLACKMORE: Would the hon. member be a little more specific regarding that policy? We are interested to know what policy he upholds.

Mr. CLAXTON: I think the hon. member will see it in the records. I can send him the documents. It was a policy of acquiescence in the attitude taken by Japan with regard to the conquest by force of a part of China. When that policy was acquiesced in at that time it meant that several nations were allowing Japan to break her treaty obligations; and in allowing Japan to break her treaty obligations, in not assisting China, those nations themselves were not fulfilling their obligations. It was that failure to live up to obligations that led to the deterioration in the international situation which contributed to bringing about the present war. It did not bring it about but it made it possible.

Mr. GRAYDON: I was not very clear as to what my hon. friend was referring to.

Perhaps he might enlighten the committee, whether or not he meant the position that Canada took in the League of Nations assembly and council with respect to that very problem, or whether it had to do with some opinions expressed individually in Canada.

Mr. CLAXTON: It was a speech made by the Hon. Mr. Cahan on December 12, 1932, at Geneva.

Mr. GRAYDON: At the League of Nations?

Mr. CLAXTON: Yes. I am speaking from memory. I do not suggest that he was alone in that at the time, but I do suggest that to be accused of being an isolationist by a former member of a former government which took that attitude at that time is a little hard and a little unfair, particularly when I went on record and have remained on record ever since as being in favour of the fullest possible cooperation by Canada with other nations to preserve the peace and prosperity of the world everywhere.

Mr. GRAYDON: May I take it that my hon. friend, in taking the position which he did in 1932, was following the policy and the line taken by his own political party?

Mr. CLAXTON: I do not know what line the Liberal party took at that time, to be quite frank.

Mr. GRAYDON: I cannot recall that they opposed that position.

Mr. CLAXTON: I do not remember. But as I said in answer to the member for Lethbridge the other day, in going back over these things we have to have a very elaborate record before us in order to trace out events. What I am saying here, however, is quite personal, and that is that the charges made, in tones of considerable bitterness, by the member for York-Sunbury in the house against me to-day, cannot be supported by any record. On the contrary, I think the record will show that when it comes to isolation or cooperation I have steadfastly stood by the side of cooperation.

Mr. BLACKMORE: I would not interfere with the hon. member's fine talk. I am reassured by what he has said regarding his own stand, but I would ask a question which he need not answer at the present time unless he wishes to. Does he think that Canada took the stand she did, on that memorable occasion in 1932, because she was in the British empire? Would she have taken a different stand if she had been outside the British empire? Remember, she was in the League of Nations, and the stand she took must not have been because there was not a League of Nations. Why did Canada and the British empire take the stand they did? I am wondering if it was because they were too weak to take any other stand—that they did not have the armaments.

Mr. CLAXTON: That was a very tangled period in the history of the world; there is no doubt about that. My hon. friend can read books about it as well as I can.

Mr. BLACKMORE: I have read several.

Mr. CLAXTON: He can see what there was of cooperation between the United States and the United Kingdom, which was an important element. The stand taken by Canada was close to that taken by the United Kingdom at Geneva, but that did not necessarily make it right.

Mr. GRAYDON: It would not necessarily make it wrong.

Mr. CLAXTON: Oh, no. If possible, we should take the same stand on occasion after consultation. That was the point I was trying to make.

Mr. BLACKMORE: For our purpose at the present time—

Some hon. MEMBERS: Order.

Mr. BLACKMORE: Oh, never mind that. This is an historical incident that has a considerable bearing on the question under discussion, whether we should have a supranational government. No supranational government would have done any good at all. The British empire did not have the arms with which to back a demand, and she knew she would have to put the backbone, the stomach and the teeth into the League of Nations.

Mr. CLAXTON: That is a long statement involving quite a few assertions of what my hon. friend takes to be facts, but I should say that if there was one stage in the history of the world when the nations did have the strength required to make a stand it was then, if they had been willing to use it. The fact is that they were not willing to use it —not all of them. I am only led on to this —I hope my hon. friends will recognize it— because I do not believe in isolation and I have never believed in it. I believe that every step where we have gone wrong from 1920 to date has been due to failure on the part, not of this government but of most governments to live up to their obligations. Of course, Canada cannot take a stand alone

against the stand of the whole world in matters of this kind, though we have had the example of New Zealand, which in 1938 did take a stand virtually alone in the world, and I believe it has earned the respect of a great number of people by reason of having taken that stand at that time. I have been completely consistent about this. I have been accused in the past of being unrealistic, idealistic, and this and that, but never before of being isolationist. I do hope therefore that this charge is disposed of now and for all time.

Just one word and then I am through. We cannot speak for the majority of people when we are speaking in this house on a matter like this, and I speak, like any other private member, only to express my own view. All we can do is to try to put forward views that will appeal as being sound views and offering the policy that should be taken. We do that with all sincerity and should do it with all frankness. But when the hon. member for York-Sunbury says he does not think that views of the kind I express represent the views of the majority, whereas the views he expresses are the views of the majority of Canadians, he is just matching his judgment against mine, and I think he will find that the kind of views I express, and the kind of views that the hon. member for Vancouver South (Mr. Green) expressed, are the views that are going to be held by an increasingly large percentage of English-speaking Canadians, just as they are by practically all those who are not of Anglo-Saxon stock, and who represent fifty-one per cent of the people. Those views come from a consideration of what Canada's interests are. I put with my friends among the very forefront of Canada's interests, the survival of Great Britain, the strength of Great Britain and the survival of everything she stands for. It is important that we should try to understand each other. It is important to the unity of Canada that we should make an approach of that kind rather than the other approach which is what is called the British front approach. The results will be almost identical in either case; we shall work together. But it is important that we should speak as a chorus, shall I say, rather than with a single voice automatically. Because if we set out to speak with a single voice the other nations will say, "It is just the old British voice. It is not the other democracies standing alongside her, and so they can be ignored." If we follow that course we in Canada shall have no foreign policy, and all the talk about national autonomy will become just so much talk. We shall be setting the clock back and we shall not be doing the things my hon. friend wants us to do as well as if we pursued the line I suggest.

I am sorry to have taken up time with this personal explanation, but I do think it is important that in these matters on which there is so much emotional attachment we try to understand each other, and if I am not understood by my hon. friends at least I hope that they they will not doubt my loyalty on this or any other occasion.

Mr. GRAYDON: The hon. member for York-Sunbury while he was speaking this morning made some reference to whether the hon. member for St. Lawrence-St. George was expressing the views of the administration or his own personal views. I was not very clear from the hon. member's answer this afternoon as to just where he stood in that matter.

Mr. CLAXTON: It is plain that I was expressing my own personal view. I have no right to speak for the administration on this.

Mr. GRAYDON: If I may raise a point that has nothing to do with the matter under discussion, I think it might be well if we could have some declaration from the Prime Minister as to whether or not a parliamentary assistant, being a member of what may be regarded as a junior cabinet, so to speak, is conveying the views of the administration or merely his own views when he speaks on a matter of government policy. Just where does the differentiation lie? How far must we separate the cabinet ministers themselves from those who are parliamentary assistants, and who, according to the explanation which was given when they were first appointed, would be spokesmen for their ministers in the House of Commons?

Mr. MACKENZIE KING: A parliamentary assistant is in the same position as every other hon. member in the matter of his right to speak for himself and express his own opinions. The hon. member who spoke this afternoon made it abundantly clear that he was speaking only for himself and giving his own opinions.

Mr. GRAYDON: But not on the previous occasion.

Mr. MACKENZIE KING: I think he did also then. But apart from that I do not think it is to be assumed that when a parliamentary assistant is expressing his views he is necessarily expressing the views of the government, though I must say with regard to what my hon. friend the member for St. Lawrence-St. George has said, I am in entire accord

with him and I believe the administration also is. I wish to supplement that by saying that I am not accountable for the interpretations that gentlemen opposite may put upon his words. I have a right to put my own interpretation upon what he says, and I know it will be the proper interpretation. There are occasions when a parliamentary assistant may be expressing to the house the views of the government. Those occasions will be apparent; when, for instance, he is speaking of matters referring to the department of which he is parliamentary assistant, and makes it clear that he is expressing the views of the administration. The line of demarcation is very clear.

Mr. J. H. BLACKMORE (Lethbridge): Just before we get away from the remarks of the hon. member for St. Lawrence-St. George, I want to express my personal appreciation of his having made his statement this afternoon.

I wish to make one statement regarding the reason why the British empire did not prevent the aggression of Japan. I have it on the very best of authority, as I believe all hon. members would recognize if I were free to divulge that authority, that the reason why Britain did not take stronger action then was that they were just too weak to do anything else. Their navy and army had fallen into disrepair, and they realized fully that if they did take a stand, the whole thing would fall on them. Following the tragic experience of Munich they simply had to begin to build up their power. Before this incident can be taken as of important historical significance one way or the other it should be established whether that statement which I received in confidence is true. I believe it is true, for the simple reason that I do not see how in the world the British empire could otherwise have become so impotent as it did become in just seven short years, especially when our Prime Minister himself on coming into power in 1935, immediately began to increase armaments in this country, and other empire countries were doing the same. I cannot be convinced that we had a first-class fighting force capable of meeting Japan in 1932.

Mr. CLAXTON: If I might answer my hon. friend in a word, assuming that what he says is true, it makes even stronger than anything else could the case that I have been making—that is, that in the time that lies ahead we should endeavour to get a totality of force that will prevent aggression and prevent Great Britain or the United States from ever again being put in a position where they will have to allow an aggressor to go ahead. Therefore I advocated in my speech, as I have done for the last ten years, that in order to prevent war and aggression you must have enough force to do it, so much force that nobody will dream of committing an act of aggression. For me it is no longer possible to find that force in any one nation. It is not possible to find it in the British commonwealth, or in Britain, the United States or in Russia, the three most powerful nations the world has ever seen. It is necessary now to find that totality of force which will prevent aggression in a combination of all the nations. I should like to see that brought about. That is what I mean when I say we must have collective action to organize collective strength. There is nothing particularly idealistic in this. It is a policy based on interest, as all policy must be based. But it is in our interests that we should work together with all nations to mobilize the greatest amount of strength we can get—if possible all strength on our side against aggression. That is fundamental in any system of security which is built up after the war. I am glad my hon. friend brought out that point; it strongly reinforces the point I was making.

Mr. BLACKMORE: In my judgment it absolutely devastates my hon. friend's contention. There must have been unquestionably a reason why the British empire allowed its fighting forces to fall into disrepair. What could that reason possibly have been? It was that the British people were lulled into a sense of security by reason of the fact that they reposed trust in the League of Nations, which was supposed to be powerful enough or diplomatic enough or wise enough to deal with all international situations as they arose. The result was that, as never before in the history of the British empire, the people allowed their defence forces to fall into disrepair. The people or the governments did that. That is a fact which in my judgment is of prime importance to this parliament to-day. There was something which caused us to allow our forces to become weak. I maintain it was the fact that we were in the League of Nations. If we can reason by reference to what has occurred in the past, if we bind ourselves into a supranational arrangement we will do exactly the same, or a little worse. We shall say it is George's business; let George do it, as we said before. George certainly left it undone. My own opinion is that George had his ear bent to the very powers that the hon. member for Macleod was referring to,

who were trying to render the British empire so weak that it was unable to stand up against its foes.

May I say something with respect to the actual power within the League of Nations. France was in the League of Nations, and there were half a dozen other nations who were members of the league. If there was any vitality or virtue in the League of Nations, or any supranational government as such, surely there were enough nations within that group to have stopped Germany at that time, to have stopped Japan — they certainly could have stopped Japan. Certainly they could have stopped Germany, because Germany had not yet begun to rearm. How these arguments can be propounded I certainly cannot understand. It must be borne in mind that the British empire did finally stand in the way of Hitler in 1939, after Germany had rearmed and while Japan was even stronger. If the British empire did stand largely alone in the path of Germany and held her, what could the British empire have done had she been prepared? The great flaw in the reasoning before the war lay in the fact that we allowed ourselves to become unprepared. I am sure hon. members must be simply nauseated when they think of our contemptible state of unpreparedness and the impotence which obtained everywhere in this country, in every branch of our defence services. The attitude of the Canadian people generally regarding matters pertaining to defence was almost as bad. The Minister of Pensions and National Health, who at that time was responsible for the department having to do with military affairs, well remembers how difficult was his task in bringing anything into this house with respect to rearmament in 1936. What was the matter? There is only one answer, so far as I can see. Those who should have been informing the Dominion of Canada on the state of unpreparedness which obtained everywhere throughout the empire, those who should have been making clear to the people of Canada that Germany was rearming, that she was becoming a terrible foe, that Japan was a terrible potential foe, that unquestionably there was danger of a clash between Japan and the United States—those men whose duty it was to be informing the people of Canada, and unquestionably the Prime Minister of Canada was one, were neglecting their task. What for? Because they wanted to win elections.

Mr. MACKENZIE KING: May I ask my hon. friend, did I not stand up with the Minister of Pensions and National Health and emphasize for all I was worth the necessity of increasing armaments when practically everyone was opposing them?

Mr. BLACKMORE: It is all very fine for the Prime Minister to say that to-day, but I am asking him whether he said the same thing in 1930, 1931, 1932, 1933 and 1934—

Mr. MACKENZIE KING: The years for which I am responsible I made my position plain everywhere.

Mr. BLACKMORE: I am just wondering why the other leaders did not follow suit. I ask why the leader of the Conservative party of those days, Right Hon. R. B. Bennett, did not cooperate with the leader of the Liberal party. I ask the Prime Minister if he believes for a second that if every member of his party had gone out to the constituencies throughout the country and told the truth, and if every member of the Conservative party had done the same thing, the people would have continued uninformed? It just does not make sense. I believe the trouble was simply this, that there was a reticence, I will say a culpable reticence on the part of the public—

Mr. DUPUIS: I should like to ask—

Mr. BLACKMORE: I shall deal with my hon. friend in a moment.

Mr. DUPUIS: I should like to ask a question.

Mr. BLACKMORE: Let me finish my sentence.

Mr. DUPUIS: I should like to ask a question to clear up the record. I should like to know if the Social Credit party went all over the country and discussed these questions.

Mr. BLACKMORE: I shall answer my friend in just a moment. First of all, let me finish my statement. There was a culpable reticence on the part of the public men of Canada in informing the Canadian people of the true situation with respect to the deplorable unpreparedness which obtained everywhere in the British empire and with respect to the appalling developments which were taking place across the Rhine.

Now, may I deal with my hon. friend? I have not the quotation, but the very first statement which the Social Credit party made in January or February in Edmonton—

Mr. DUPUIS: What year?

Mr. BLACKMORE: In 1936.

Mr. DUPUIS: What about 1930?

Mr. BLACKMORE: My hon. friend will get it in just a minute. I know it. The very first statement issued by the caucus of members of this party behind me appeared in the Edmonton *Journal* or the Edmonton *Bulletin*, where it can be obtained. If the hon. members want it I shall get it and read it to them. That statement called for extensive increases in the preparedness of this country. There is no question about the meaning of the statement. It pointed out the danger which existed. I am going to ask the Prime Minister if a group of people who had never been connected with political activity in this country at all had learned these dangers, what was the matter with him and his cohorts that they had not learned this truth? We knew the danger with which we were confronted.

Mr. MACKENZIE KING: I wish my hon. friend would tell me where he learned it.

Mr. BLACKMORE: By keeping his eyes open and doing a little reasoning, that was all. That was all that was necessary, just keeping your eyes open and doing a little reasoning when Hitler came to power. There was no question in the wide world that he meant business, none whatever; and very soon he began to manifest signs of exceedingly dangerous strength. When he entered the Ruhr, that was a warning to everyone. Surely when he entered Austria, that was the handwriting on the wall. And the statements which he made in "Mein Kampf" show what he meant. Among other things he certainly definitely declared that France must be destroyed. The Prime Minister will remember that. I suppose they thought he was talking in his sleep when he said that, but he meant what he said, as he has clearly shown. What other warning was necessary to alarm anyone? Let me point out that the members of my party were not in a position to have access to the secret documents which should have been transmitted to the heads of the government of this country. Those documents must have been filled with causes for anxiety and fear. I was reading a book just last summer by Kurt Reiss entitled "Total Espionage," in which most damaging accusations are made with respect to Baldwin and Chamberlain, to the effect that these men were informed in detail by responsible authorities in England of the conditions which were developing in Germany, and they disregarded the warnings. If they were so warned it is hardly to be conceived that the leaders of this government were not warned. Another thing that is amazing to me and is amazing to everyone who thinks about it in the Dominion of Canada to-day, is this: why were these warnings disregarded?

Now, with respect to the statement made by the hon. member for St. Lawrence-St. George, the one thing I am worried about as a father in this country, the father of eleven children and the grandfather of five, is this: Are these babes of mine who are now growing up going to be victims of a betrayal similar to that in the future?

Mr. MACKENZIE KING: I do not think the hon. member should use a word like "betrayal". He knows as well as any other hon. member in the house that the whole feeling throughout the world for many years after the last war was that there would not be another war for a long time to come. There was a strong pacific sentiment everywhere, which those who saw the danger did their best to fight. But it was difficult to do so in those times. But do not, please, talk about people betraying others. That implies a deliberate effort on their part to deceive, and to deceive for special ends, which could not have been so with any of the men about whom the hon. member has spoken.

Mr. BLACKMORE: If my word has in any way offended the Prime Minister, then I withdraw it unqualifiedly. But I did wish to use a word strong enough to cover the situation, and I can think of nothing more effective than the word "betrayal". But may I absolve my right hon. friend from that. I will say that the information adduced in the book "Total Espionage" by Kurt Reiss is sufficient to convict the two gentlemen I have mentioned of betrayal, beyond any shadow of a doubt. They betrayed not only Great Britain, but they betrayed 650 million people.

Mr. MACKENZIE KING: I suggest it is not fair so to speak of these honourable persons, one of whom is dead and no longer here to be heard, and the other who lives in England, having done his duty according to his own lights, and in the way he believed best. I suggest they should not be referred to in that way, in their absence, in a house of parliament which stands for fair play. I do say the hon. member has no right to say that either of these gentlemen knowingly betrayed anyone.

Mr. BLACKMORE: I withdraw once more. But, as I said this morning, the time has come for plain speaking. And hon. members at this time must do some plain speaking, let the chips fall where they may.

Mr. MACKENZIE KING: The hon. member may say that they were mistaken in their view; but it is a very different thing to say that these public men deliberately betrayed their trust, their country and a multitude of people.

Mr BLACKMORE: I have withdrawn the word "betrayal". I am not going to give information which would tie to them the term I have used. But I could give information which could not be answered at all.

It is my anxiety that if we become involved in some supranational government, and if consequently our people become apathetic and over-confident, not only in this country but in all other countries, including the British empire and the United States, then we shall be setting the stage for a complete eclipse in the next war. And against that eventuality it becomes my duty, as a responsible member of the House of Commons in Canada, and as a voter in this country, to take precautions. I say the doctrine the hon. member for St. Lawrence-St. George is advocating at this time in the world's history is a dangerous doctrine. Yes, it is very dangerous. Let not hon. members be deceived. There was a member, not now in the house—she was defeated in the last election—who contended with the greatest earnestness that there would never be any more war. Anyone with sense knows she was talking nonsense. But there was the danger—a lot of people believed it. They were deceived and carried away, including many hon. members in the house and many members of the Liberal party.

I am going to turn just for a moment to the question of the prevalence of the belief that there would be no future war. Probably I should not go into detail, but judging from evidence brought to my attention when I was teaching school some years ago, I am convinced that an attitude of mind was deliberately induced by making use of a clever type of propaganda operating through certain periodicals in this country, and gaining access to the teachers in our schools. The people who issued that propaganda achieved their ends, just as they intended to do. I would rather not name the people involved, but I will tell the committee this, that they were seeking deliberately to destroy the British empire. I read one of their documents which came to my hand as principal of Raymond high school. In that document they outlined their plan, and the first thing they were going to do was to destroy the fighting morale of the British people, the Anglo-Saxon race. They surely did that; they had wonderful success. Then they reasoned that when fighting morale was destroyed the people would oppose preparation for war—which they did. This would leave the people completely helpless at some future time, if a war were developed.

The whole thing worked out. Can we give any reason why the Anglo-Saxon world went —well, there is only one word which seems to fit, and that is, haywire? My right hon. friend knows the difficulty Mr. Roosevelt had to get the people in the United States to look upon the situation with even a measure of common sense, factuality and reality. Why, one man down there—I have forgotten his name—said, "I would not go to the Georgia river to meet the foe!" What an inconceivable dolt, to make a remark like that! And he left his country so helpless that it finally became necessary for him, and it will probably be necessary for his descendants, to go much farther than the Georgia river to meet the foe. If he had used anything like common sense, he, his sons and his fellow countrymen would have been prepared, instead of being in the pitiful state of unpreparedness in which they were, when war finally came to them.

I apologize again for occupying so much of the time of the committee, but—

The ACTING CHAIRMAN (Mr. McCann): The hon. member has spoken forty minutes.

Mr. BLACKMORE: I am surprised. I have found it a very interesting subject. But, Mr. Chairman, I am going to repeat this warning, time and again, so that all will come to know it.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Chairman, this discussion has amazed me. I was not a member of the house during the time mentioned by the hon. member for Lethbridge. In those days I was just an ordinary day worker. But I did pay some attention to the matters which have been discussed this afternoon. I have been amazed at the lack of knowledge shown by the men who represented the people in those days.

Summing up the war situation this morning, the Prime Minister pointed out the seriousness of the present situation, brought about by the fact that Canadian troops are actually engaged in combat. In his statement he said he wished to guarantee the troops and the general public that so far as the Canadian government was concerned, those troops would not be let down. I hope the government will live up to that promise.

There has been some discussion this afternoon respecting the League of Nations, its break-down, and the fact that in 1939 we were plunged into a bigger and better war.

The point which stands out clearly from the discussion is that guarantees given in all sincerity, as was the one this morning by the Prime Minister, were not lived up to. It was not the machinery of the League of Nations that failed. The machinery of the league in my opinion was a hundred per cent correct. It was the only machinery befitting this day and age. Sensible men and women sat around the conference table, arbitrating the grievances of nations, and made decisions without resort to war. Those who conceived the idea of the league were honest, and it was their belief that those who would administer the league's policy would give honest administration. Those who were administering the machinery could have made it work, but they were thinking in terms of dollars and cents rather than human needs and civilization. They are the ones who are responsible for the condition the world is in to-day. That is the one thing that stands out most clearly in this discussion so far as I am concerned. Promises, such as those made by the Prime Minister this morning, were not lived up to. The men who fought accepted the promises made in 1914-18; they believed that they were fighting a war that was to end all war. The people by and large were convinced that they had accomplished that purpose. The soldiers who had fought believed that that purpose had been accomplished. The people who are indicted by the discussion this afternoon are those who were in authority at that time, those who made the promises, those who had the administration of the world under their hands for the following twenty-five years. They fell down on the job and brought about the results we are faced with to-day.

I hope that the lesson is one that will sink into the minds of the Canadian people and the peoples of the world in general. I hope they will not place too much trust in the promises of individuals or scraps of paper such as treaties and so forth. They themselves must take an active interest in the affairs of their country and of the world in general. They must see to it that the power to bring about a similar situation in the next generation is not left in the hands of a few men who are to make the decisions.

The hon. member for Lethbridge (Mr. Blackmore) has left the chamber, but I want to say to him that I have followed very closely the workings of the League of Nations. I did a lot of work for it in my own province, because I believed in it. I also believed that we had fought a war to end war. We all know what happened to the League of Nations. The United States, which gave birth to the idea, never became a member. That hurt the league, and hurt it badly. We all watched the manipulations from the inside. I merely have to draw your attention to the men in France and England who were responsible for the break-down of the league. These countries were the dominant factors in the league and they could have made it work. Those most prominent in bringing about the downfall of the League of Nations were Sir Samuel Hoare and Mr. Pierre Laval. They stood by and allowed Mussolini to carry on his adventure in Ethiopia. We know to-day the motives that actuated them. We know where Hoare is to-day. He is in Spain with Franco, because he is acceptable to Franco. We know where Laval is to-day.

I have no intention of going into this particular matter. It is a long story and I think everybody is familiar with it. I do not think the ideas advanced by the hon. member for Lethbridge are relevant at all. I do not believe in imposing some superstructure on the world as an aftermath of this war. We must have an organization similar to the League of Nations as a means of ironing out our difficulties. But you must have honest men and women in this organization who will stand up and fight for the proper principles. That was not done in the last war. I can remember the discussions that took place on the Versailles treaty. Some of us who were fairly young at that time knew that we were merely laying the basis for another war. The job should have been completed. Foch should have been listened to. He warned the people who were signing the Versailles treaty that they were merely signing an armistice and making it necessary to do the job over again within twenty-five years. He was ready and willing to complete the job, and it should have been completed. But the soldiers won the war and the politicians stole the peace. They manipulated things and brought about the situation we are in to-day.

When the peace is being written this time, many of the men who are actually in the field and have experienced the horrors of war should be given the privilege of sitting around the conference table and having something to say about the machinery that will be provided as an aftermath of this war. I did not get up to say these things, but the discussion which took place previously provoked me into saying what I have said. I could not help making these remarks with respect to the League of Nations. I never had any doubt as to whether it was the right

machinery. If it had been made to work, we would not be at war to-day. I know why we are at war to-day. Canada was blindly led by people in whom she had confidence. It has always been my opinion that Canada blindly followed Great Britain's lead and we eventually landed in the position we are in to-day. Chamberlain, Hoare and others will have to give an account of their stewardship before the bar of justice of the future. They will be indicted for creating the situation in which we find ourselves to-day.

If Churchill had had anything to say about what was done in Great Britain in the ten years before the war, we would not be in the situation we are in to-day. He tried constantly to warn them of what was taking place. We all know why the strength of Hitler was built up. There is no mystery about it. We know why British and French money was provided. They feared social change more than they feared Hitler. They feared Russia as being the vanguard of social change. They wanted a strong Hitler in Europe to offset any efforts to bring about social change. That is why the machinery to avoid war in the future broke down. I think it is the duty of the government and of those who represent the people, of those who have access to this information, to bring these facts before the public from time to time so that there may not be repetition in the future of what we are going through to-day.

I do not think the time is opportune to discuss foreign policy. The policy of the government to-day should be to make every effort to win the war. The discussion of just how we are going to do business with our neighbours in the future should be left until the picture is clearer than it is at the present time, until we know just what kind of world we are going to be living in.

I should like to say a few words about a matter in connection with which I think Canada should do something at this time. The hon. member for Winnipeg North Centre (Mr. Knowles) raised a question on Friday evening which seemed to not be very popular. He asked that some assistance be given to the Jewish people. This is a matter about which the government should make some pronouncement. To hear some people talk you would think the Jews represented seventy-five per cent of the world's population, when the fact is that there are probably less than 10,000,000 Jews in the world. About 7,500,000 of these are in nazi-occupied Europe. I do not want to elaborate on some of the things said by the hon. member, but we must not forget that Hitler has a policy of complete extermination of these people before the end of the year. I am not interested in them as a race, but we are all human, and I try to place myself in the position of one of these people who are in nazi-occupied Europe. They go through the same suffering that you would if you were starving or waiting for a firing squad, if you were placed in a box-car and shipped away among the dead, if you were faced by all the horrors described by the hon. member for Winnipeg North Centre. If there is something we can do about it, we should do it. I am very critical of everything that has been done so far. The Bermuda conference which was called to discuss the question of refugees from occupied countries did absolutely nothing about the question. I have read a little about the conference. Delegates of the different countries came there with fixed policies from their governments, and it was merely a matter of doing nothing. There is no policy to-day on that question. One thing which Canada could do is to make representations to the British government. There is available in Palestine a ready and convenient sanctuary for a considerable number of Jews. Palestine is an example of 1914-18 promises which were not lived up to by the British government. Everybody in this house knows about the Balfour declaration issued on December 2, 1917, whereby Palestine was to be made a homeland for the Jewish people. They were to be given their roots in the soil of some country so that they could take on the status of a nation and be represented in the future world on that basis. That declaration has been partly put into effect, but what concerns me is that, according to a white paper issued by the British colonial office within the last six weeks, Jewish immigration to Palestine for this year is cut down to a greater extent than it has been in the past, and for next year, 1944, it is eliminated completely.

The Jews as a people are making a contribution in this war. They are serving in the allied armies at the present time in North Africa and wherever the war is being carried on. Some 30,000 Jewish soldiers are fighting in the allied forces. In relation to the number of Jewish people throughout the world and their meagre opportunities of participation, they are making their contribution, and there is no reason in the world why the Balfour declaration should not be carried out. Remember that it was backed up by the United States. I have here a declaration passed by the 77th congress, bearing the signatures of practically all the United States senators and members of the House

of Representatives, entitled "A common purpose of civilized mankind". It deals specifically with the question of Palestine. I am not concerned about Palestine as a homeland of the Jewish people; that is something which will have to be decided by themselves and the British government. What I am concerned about is that Palestine offers a sanctuary for thousands of Jewish people who might make their way out of nazi-occupied Europe if they had anywhere to go. The action of the British government has closed to them a door which was opened by their own people. They are not able to go there. I cannot understand how any member of a government or any member of parliament can stand up and make the declarations that are made about serving humanity, about the better world which is to come when all this destruction and misery have ceased, and yet preclude the possibility of enabling the Jewish people who are being persecuted in nazi-occupied Europe to pass through the door which their friends in Palestine have opened to them. Canada has said nothing on this matter, and she has the right to say something. I feel we have the right to protest this action on the part of the British government. They have no right to close that door to Palestine when the Jewish people are willing to open it and to accept full responsibility now and in the future for those who may be able to escape from nazi-occupied Europe.

In the next place, entrance to neutral countries to which these people might be able to escape is practically closed. The great democracies who are engaged in the war have undetraken to liberate all the peoples of Europe some time in the future, but neither they nor ourselves have ever said that they were prepared to help to pay the bill of refugees who might be able to escape to those neutral countries. The action of the united nations regarding the Jewish people can only be described as hypocritical. I do not know how any man or any woman can presume to stand up in this chamber and make promises to those who may happen to come through this war, while they will not lift a finger to provide a sanctuary for thousands of people who could probably get away from nazi-occupied countries if they could be maintained in Switzerland and other neutral states. We should be prepared to bear our proportion of the cost of maintenance of these people and some reasonable disposition to provide for their welfare after the war. It is not a matter of leaving the neutral countries to handle the job alone.

The other evening, when the hon. member for Winnipeg North Centre (Mr. Knowles) was speaking on this question, the hon. member for Moose Jaw (Mr. Ross) got up and tried to give it a political significance. So far as I am concerned the human race is one family. Where you were born, what is your religion, or your nationality, or the colour of your skin, is an accident of birth; you are not responsible for it. Unless we break down this idea of merely regarding as Canadians those who were born in Canada, I can see very little hope for the future of the world on the basis of the promises which are now being made concerning post-war policies. I think we could start doing something now. I have many documents here. I am not going to read them; I do not believe in quoting too much, but they contain the assurance by people who know what they are talking about that if the doors into Palestine were opened, thousands of Jewish people could make their way there and find a sanctuary.

To my mind the handling of this question by the united nations as a whole will stand out as one of the strongest indictments against us. We have not lifted a finger to save thousands and thousands of lives. We say that when the war is over Hitler will be brought to task and made to pay for his atrocities against the persecuted peoples of Europe. That is all very well as regards the nations who are recognized as such, who will have their representatives at the conference table to present their case for them. But that is not the position of the Jews, and no other class of people in Europe have suffered such severe persecution. Where Hitler has been able to enter and dominate they have lost all their worldy goods; their families have been destroyed or scattered, and they have suffered most inhuman treatment. But they will not be sitting around the conference table; and if the attitude of the united nations now towards rescuing them while there is still a chance of rescue is to dominate at the conference table, we do not mean anything when we say that the atrocities for which the Germans and the Italians are responsible will have to be paid for. We can do something about it. But we have never even lifted a finger.

Mr. MACKENZIE KING: My hon. friend says we have not lifted a finger. Does he attach no importance whatever to all the Canadian army, navy and air forces are doing in this war to try to alleviate the situation in Europe, and in particular, the terrible position of those very people of whom he is speaking? How can he say that this country has not

lifted a finger? I made very clear in the statement I put forward the other day that the difficulty of obtaining passage on ships to bring people to this side was one of the reasons why some of the refugees who have escaped could not be brought here, but I have made it equally clear that where it was possible to have them brought over, Canada was prepared to receive them.

Mr. GILLIS: The Prime Minister and myself are talking about two different things. I am referring now particularly to the possibilities of saving thousands and thousands of Jewish lives in nazi-occupied Europe. I recognize what we are doing to liberate the whole continent of Europe, but the Jewish people face a different situation altogether. We may be able to liberate to some extent the French and the Belgians. They will be able to take part in the fight. But the Jewish people have been driven into Poland, largely into ghettos, without any chance to fight for themselves, and if our attitude prevails they will not be there when the liberation takes place, because they are being systematically exterminated day by day.

Mr. MACKENZIE KING: How can we possibly get into Germany to liberate them or to prevent them from being put into ghettos? The one hope for them is that our military action along with that of other allied nations may help to make possible their speedy release, but until that time comes what can we do for persons who are now in Germany or enemy occupied countries?

Mr. GILLIS: I am not asking the government to get into Europe in order to do this. I am asking the Canadian government to protest to the British government against their action in closing the doors of Palestine to Jewish refugees who may escape from nazi-occupied Europe. I said that I would ask the government to do only some of the things I think we can do, and I suggest that we can make that protest. If thousands of refugees who are escaping had the right to go into Palestine, they could be taken care of in that way. The action of the British government in closing that door, restricting immigration this year to 29,000 and next year completely cutting it off, is something we can protest against.

Mr. GRAYDON: How long ago was it that the British government made that decision to close Palestine?

Mr. GILLIS: Within the last six weeks. It is a white paper issued by the colonial office. That is one thing I should like to see done. Second, I think the neutral countries that are closed would get thousands of these people if those countries had some assurance that the United States or Canada or some other country could be provided as a sanctuary for them if they could be transported or that we would assist neutral countries in helping to feed them. I cannot forget the fact the Prime Minister mentions ships and railways and all these difficulties. All I ask is that the Canadian government indicate what they are prepared to do by way of helping these people.

Mr. MACKENZIE KING: My hon. friend will see that I made a definite statement in that regard.

Mr. MARTIN: Read page 4560 of *Hansard*.

Mr. GILLIS: A large number of Jewish people did get hold of a ship themselves last year and sailed with hundreds of women and children from port to port, but they were refused entry until the ship finally broke up off the coast of Norway somewhere. What I have suggested are things that we can do. Canada has a right to speak in these matters and to protest against the closing of Palestine, not taking sides as to whether Zionism is right or wrong; but I submit that that door should be opened and as many people allowed in as possible if they can escape. They are penned in and have nowhere to go. We could say that we are willing to take them, provided they can get here; that we would see that they were looked after and that some final disposition could be made after the war of the question of their home status.

Mr. GRAYDON: What was the reason given by the British government for closing Palestine? I am only seeking information to enlighten myself on that point.

Mr. GILLIS: No reason has been given that I know of, apart from the fact that they have a mandate over Palestine and have the right to decide about immigration. My opinion is that it is a case of the old appeasement policy, appeasing the Arabs, and failing to face a realistic situation on a humanitarian basis.

Mr. GRAYDON: Was it debated in the British House of Commons?

Mr. GILLIS: Yes.

Mr. MACKENZIE KING: May I point out to the hon. member that the immigration policy is still governed by the terms of the white paper which was issued in 1939. The recent statement of policy referred to was an

announcement some weeks ago that the 1935 white paper policy remained in force and would not be reopened at this moment.

Mr. GILLIS: That is true, but that 1939 paper definitely sets out that at the end of 1943 there shall be no more immigration into Palestine, and immigration is badly restricted this year. It reiterates the previous policy and closes the door at the end of 1944.

Mr. GRAYDON: This is not a new policy to which the hon. member has referred—the announcement of six weeks ago?

Mr. GILLIS: It was a paper that was issued reiterating the previous policy on account of representations made to open the door. Their answer was a reiteration of that previous policy which closes it in 1944.

Mr. GRAYDON: There has not been any change in policy. This is a confirmation of an old policy?

Mr. GILLIS: Not since 1939.

Mr. GRAYDON: The only thing I am concerned about is that it did seem to me that in the last day or so the Jewish people have had a lot of champions. I wanted to bring that to the attention of the committee.

Mr. GILLIS: I will give the hon. member a file that goes back to 1939. It is not to-day that I became interested.

Mr. MACKENZIE KING: To supplement what I have said to my hon. friend, the 1939 document laid down an annual immigration quota for each year up to 1944 and the United Kingdom is advancing some visas, normally valid in 1944, to help some of these refugees this year.

Mr. W. K. ESLING (Kootenay West): As the Prime Minister knows, the people of British Columbia are keenly interested in the government's foreign policy, particularly in so far as it refers to the Japanese evacuees. In fact, the feeling has been so tense that it was made clear to the government that it may anticipate trouble should there be any attempt at the end of the war to return the evacuees to the Pacific coast. However, the door has been closed, partly at any rate, in this direction by reason of the fact that the custodian of enemy property has sold to the veterans' land board some 760 odd parcels of agricultural land formerly occupied by Japanese, so that the question arises, where does the government intend to place the evacuees at the close of the war? In my district of Kootenay West there are 8,000 of them, and their attitude is apparently tranquil enough at present. But the time will come when the attention of the allies is directed exclusively to Japan, and it may be that the spirit of loyalty may prompt these evacuees to change their attitude, which would be particularly dangerous if directed to the railroads and power plants, because many of them are in that vicinity. I would ask the Prime Minister, before these estimates are passed, to tell us just what the government's foreign policy is toward these evacuees; for instance, what it is towards the 10,000 nationals? Is it the intention to return them to Japan or to have them remain in Canada? What would be the government's policy toward the 7,000 naturalized Japanese and toward the 6,000 Canadian-born Japanese? As to these naturalized Japanese, of course that is optional with the government, because they can cancel naturalization if the situation warrants it. As to the Canadian-born Japanese it seems to me that their citizenship should be respected. That is the question I should like the Prime Minister to make clear before we pass upon these estimates. We are keenly interested in knowing whether we are to have eight thousand Japanese permanently located in the interior of British Columbia.

Mr. J. W. NOSEWORTHY (York South): Mr. Chairman, I have no intention of entering into a discussion of Canada's general foreign policy. I wish to confine my remarks to one particular phase of that policy and to something which I think Canada can do, and certainly it is a phase of our foreign policy to which Canada should give some consideration at the present time.

As one who has spent just about half his lifetime in Canada and the other half in that small sister dominion which has recently given up its dominion status, the little island of Newfoundland, I am anxious to know what consideration is being given at the present time to the relationship that is to exist between Canada and Newfoundland when the war ends. This is opportune to the subject of discussion at the present time and one of considerable importance to Canada.

If hon. members will for a moment visualize the geographical position and the strategic position which Newfoundland holds in the lower St. Lawrence, I think they will fully realize the importance of that island to Canada. We have only to think for a moment of how difficult it would be to defend Canada and this continent if to-day an enemy were in possession of that island. Situated as she is in the mouth of the St. Lawrence, the country that dominates Newfoundland is in a position to sail up the St. Lawrence and

destroy Canada's lifeline of trade with Britain and Europe. There is an importance there that has not been recognized in the past.

We have been content to depend for our security upon the British navy, and upon the Monroe doctrine to a considerable extent, until this war came. But now that Canada considers herself a nation and is certainly in a position where she must assume some responsibility for her own defence in the future, and with the growing importance of submarines and air power, the strategic position of that island becomes important for Canada's defence. That importance is recognized, as every hon. member knows, by Great Britain and by the United States of America as well as by Canada. To-day it forms a vital line in North America's defence. There has taken place the peaceful invasion of the island by Canadian, American and British members of the armed forces. A writer in the Yale *Review* for the spring of 1943 likens the island at present to a huge anchored aircraft carrier, combined with a great natural dry dock moored to the ocean floor. That importance I need not emphasize or dwell upon.

History before now has demonstrated the strategic importance of Newfoundland to the country that held it. I think historians are agreed that probably one of the mistakes that the French made when they sought to maintain occupation of this continent was that in their interest in the fur trade they failed completely to recognize the importance of that island set squarely across the entrance to the St. Lawrence. It was not until 1662 that the French realized it would be important to them in holding Canada and North America to secure possession of that island. By that time it was too late. Great Britain had established her power on that island. Historians agree that when the French lost possession of the peninsula of Avalon that was the first step in the downfall of the French power on this continent. England's possession of that little island gave her the use of its harbours and a decided advantage over the French in the wars that followed between England and France. I need not emphasize the importance of that island to Great Britain at the time of the American revolution and the American invasion of Canada. The fact that that island was then a British possession, that British ships crossing the Atlantic could find shelter there and from there proceed up the St. Lawrence to the relief of those who were holding Quebec was a vital factor in the results that followed that invasion.

I should like for a moment to call the attention of the committee to the fact that in 1776, when Quebec was the last fortified position in British possession, when the garrison at Quebec numbered very little more than one hundred men, the presence of two schooner-loads of soldiers from Newfoundland, to the number of, I believe, 130, has generally been recognized to have been of considerable help to that little garrison on that night of January 1, 1776. I am glad to know that years later, in 1846, when the one city in that island, St. John's, was half destroyed by fire, Canada was the first to come to the assistance of its people. I well remember as a boy in the public schools many years after that learning of the gratitude of the people of Newfoundland for the assistance which had come first of all from Canada on that occasion when Newfoundland needed help. The point I wish to call to the attention of the committee is that history has shown in the past that the country which held this part of North America found it extremely important to be in possession of that outpost of the St. Lawrence, that little island which is known to-day as the watchdog of the St. Lawrence.

I am anxious to learn from the Prime Minister whether any consideration is being given at the present time to the question of the union of that island with the Dominion of Canada. I am satisfied that the future fortune of that island lies in common with Canada's future. I am anxious to see steps initiated by the Canadian government with that end in view. I have said that the time is now opportune. Hon. members will recall that back in 1933 when that little island found more than one-third of its revenue going to the payment of externally held debts they realized it was utterly impossible, on account of the loss of their markets for fish, to carry on, and they voluntarily relinquished responsible government which they had enjoyed for nearly one hundred years. I believe they are the only example of any part of the British empire, which possessed dominion status under the statute of Westminster, voluntarily relinquishing that dominion status. They were forced to do so by economic pressure. To-day there is a growing discontent with the government by commission. There are strong interests in the island at work looking toward the restoration of responsible government when the war ends. So far as the status of the island is concerned, some change will undoubtedly have to be faced. That in itself offers an opportunity for reopening the old question of union with the Dominion of Canada. There has grown up in the island during the past two or three years, as a result of the seeds of social changes which have been planted there by the presence of Canadian and American members of the armed forces, a feeling that the economic well-being and the strategic needs

of that island require some kind of union with either Canada or the United States. As I say, that feeling has grown.

From all the information I can gather I believe the people of Newfoundland have come to recognize the fact that their future economic well-being lies along the road of some form of union with either Canada or the United States. Their history, first as an isolated colony and then as an isolated dominion, has been a very unhappy one. There are probably few parts of the civilized world to-day where the common people have suffered as much from exploitation as the inhabitants of Newfoundland have suffered during the periods that have passed. There are many who know the island well who fear for some reason the importance of United States influence there at the present time. The inpouring of United States dollars which has taken place during the war, the first-hand observation of United States standards of living, are all having a significant appeal to the people of that island, the people who lived through a depression when 25 per cent of the population was living on a dole of 6 cents a day. One cannot wonder that the presence of United States money and the knowledge of United States standards of living are making a significant appeal to some of the people.

There are also factors growing out of the past which give the people of that little island some reason to be a little suspicious of union with Canada, and I am confident that such a union as I have suggested will not be achieved without difficulty. It will require far-sighted statesmanship to bring about such an objective; it will require statesmen who are fully appreciative of the importance to Canada of this union, important from the point of view of the defence of this country in the future. It will depend upon the readiness of these statesmen to accord generous terms to the people of that island in order to effect such a union.

Mr. GRAHAM: May I inquire from the hon. member the population of Newfoundland?

Mr. NOSEWORTHY: The population at the present time is somewhere around three hundred thousand.

Mr. GRAHAM: Homogeneous population?

Mr. NOSEWORTHY: I would say that the inhabitants of the island are all of British descent. There has been no immigration from Europe. Up until twenty-five years ago the memory of what happened in 1895 when representatives from Newfoundland, anxious to bring about union, failed in their negotiations and when I think the whole question turned on the payment of somewhere around one million dollars by the Canadian parliament, has caused considerable opposition to union with Canada. That has been developed in the country over the years; but there are many factors that will facilitate the work of any Canadian government that will to-day undertake negotiations with that end in view. In the first place we can rely on the loyalty of the people of that island to Great Britain. I need not emphasize that loyalty; I think it has been demonstrated in every war in which England has been engaged within recent times.

The Canadian government took what is generally considered a commendable step in their appointment of the present high commissioner to Newfoundland, Mr. Charles J. Burchell. The people from the island to whom I have spoken use the highest terms of commendation in referring to the good work he has done. The fact that the people there can deal with the Canadian government through a high commissioner instead of dealing through a branch of the colonial office, as the United States government has required them to do, has raised the prestige of the Canadian government in the minds of those people, and will assist greatly in any negotiations that may be undertaken.

May I close with an appeal to the government that they recognize the importance of that union to Canada. I am not thinking so much of the interests of Newfoundland itself. Having lived in both parts of the empire, and knowing both parts well, I am satisfied that the future success of that island lies in a union with Canada. I am satisfied that Newfoundland needs Canada, and also that Canada needs Newfoundland. I should like to emphasize the importance of beginning negotiations at once because, as soon as the war ends, questions connected with the withdrawal of Canadian airmen, soldiers and members of the Canadian navy, and the withdrawal of United States members of the armed forces, as well as the question as to the disposition to be made of the bases established by both Canadian and United States governments, will be matters which will have to be determined. I would suggest that steps be initiated now toward sounding out the possibility of making Newfoundland the youngest province of Canada, after the war, and the rounding out of the Dominion of Canada by the union of that island with us.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Chairman, I wish to add a few remarks to those I made last Friday evening, but before I do so may I pay tribute to the Prime Minis-

ter (Mr. Mackenzie King). I should like to call the attention of people outside the house, who perhaps do not realize what he is doing, that to sit as he did last Friday—not only to sit, but to listen and, I have no doubt, pay attention—through nine hours of debate in weather such as this is, to say the least, no mean feat of endurance. I do not know how he feels to-day, but I can say that I have often felt a lot more like speaking than I do now.

Mr. COLDWELL: And we have to keep our coats on, too.

Mr. JAQUES: Well, as long as we keep our shirts on, we shall be all right. So that I am sure hon. members will overlook any shortcomings in my manner of speaking.

All hon. members listened this morning with feelings of gratitude and thankfulness to the great news from Europe. I know no remarks of mine can add to what was said in the house. I do not feel, however, that happenings in Europe should cause any diminution in our efforts to do the best we can in the House of Commons on behalf of those who are doing the fighting. The allied nations are subjecting the gangsters to a continual bombardment of two-ton and four-ton block-busters, and meanwhile the racketeers seem to be subjecting the allies to a continuous bombardment of two-ton truth-busters.

May I call the attention of the committee to a letter published in the New York *Times* on May 9. It is headed "A Mission To Moscow", and the authors are John Dewey and Suzanne LaFollette who, respectively, were chairman and secretary of the international mission of inquiry into the Moscow trials. I shall not read the whole letter, on account of its length; I shall read the first and last paragraphs. It begins:

> The film "Mission to Moscow" is the first instance in our country of totalitarian propaganada for mass consumption—a propaganda which falsifies history through distortion, omission or pure invention of facts, and whose effect can only be to confuse the public in its thought and its loyalties.
>
> Even in a fictional film this method would be disturbing. It becomes alarming in a film presented as factual and documentary, and introducing living historical personalities. Our former ambassador to the Soviet Union, Joseph E. Davies, personally introduces this dramatization of his mission as the "truth" about Russia. And the representation of President Roosevelt talking to Mr. Davies of the film seems to suggest that it is at least semi-official.

That was the first paragraph. This is the last one:

> The film is anti-British, anti-congress, anti-democratic and anti-truth. It deepens that crisis in morals which is the fundamental issue in the modern world. . . . "Mission to Moscow" is a major defeat for the democratic cause. In putting out this picture the producers, far from rendering the patriotic service on which Mr. Davies compliments them, have assailed the very foundations of freedom. For truth and freedom are indivisible, as Hitler knew when he expounded his method of confusing public opinion through propaganda. The picture "Mission to Moscow" makes skilful use of the Hitler technique. To quote Matthew Low of the *New Leader*: "This kind of 'truth' is on the march, and God help us if nothing can stop it."

[Mr. Jaques.]

I do not wish to add any remarks. I did not see the film, and I do not intend to see it. But I ask this: How is it proposed to build the four freedoms on a foundation of falsehoods, when truth and liberty are indivisible? I think that is a fair question, but I shall leave others to answer it. It is written, as near as I can remember, "And ye shall know the truth, and the truth shall make you free." Or, as I have just said, truth and freedom are indivisible. I would advise the examination by everybody of all propaganda, of all proposals for a new order, for a new world, if you like, from that point of view. Let everyone ask himself two questions. Is it the truth? If it is not, then it will make to destroy liberty. Does it propose to curtail liberty? If so, it is not the truth.

Some months ago I raised a question in this house in connection with our loyalty to the crown. This matter had been brought up in a speech by Mr. Sandwell who advised that the people of Canada would have to surrender their loyalty to the crown as individuals to an international control.

Mr. MARTIN: He never suggested that at all.

Mr. COLDWELL: He said that we might perhaps have to surrender some part of our sovereignty.

Mr. JAQUES: It would mean a diminution of our liberty as individuals, but I am not going to argue the point to-day. The press were flattering to me and to my colleague here. I should like to quote an editorial which appeared in the Winnipeg *Free Press*, as follows:

> There should be no mystery about where Mr. Jaques got his ideas. He is a student of Major C. H. Douglas, the originator of Social Credit theory, and Major Douglas provided the lead his students and followers require in Jew-baiting. Major Douglas wrote his main work "Social Credit" in 1924, about the same time as Adolf Hitler was completing "Mein Kampf", and by curious coincidence, both these works bore the influence of an earlier work called "The Protocols of the Learned Elders of Zion."

That is a very good illustration of what I have said, that truth and liberty are indivisible. But to say that Major Douglas based his ideas upon those of Adolf Hitler is about as damnable a lie as it is possible to utter. Certainly it is a credit to the opposition of social credit. Major Douglas introduced his idea in New York, either late in 1918 or early in 1919, while Adolf Hitler was still a corporal in the imperial German army. I do not suppose "Mein Kampf", or the ideas expressed therein, had entered his head, but anything to destroy truth, and see if you can link up anti-semitism and fascism to social credit. Personally I do not care. It will not make any difference to me, but I warn the people to make sure whether these statements are true or false. If they are false, you can be sure that there is a purpose behind them.

I have been told by numerous people and it has been stated in the press that I had perpetrated the greatest waste of parliamentary time in parliamentary history. This was said merely because I had called the attention of the people to the fact that there is a movement which would surrender our loyalty to the crown, which is the symbol of our individual liberties, to international control. The editor of *Saturday Night* honoured me with a complete editorial about myself and this supposed waste of time, and then he devoted two pages to the idea. I notice the same thing in other papers of Canada. He was good enough to end up by saying:

> Mr. Jaques further distinguished himself a few days later by upholding, in (of all places) Miss Judith Robinson's *News*, the authenticity of the "Protocols of the Elders of Zion," that astounding fabrication which purports to record the proceedings of a conference of highly placed Jews held for the purpose of planning the destruction of Christian civilization. Presumably a mentality which can accept the A plus B theorem can accept anything.

That is very touching. The A plus B theorem I need hardly explain is the proof that there is a shortage of purchasing power. Evidently the editor of *Saturday Night*, Mr. Sandwell, does not believe in it, or at least he does not believe in it by inference. But unless he is stupid beyond belief he must believe in it. The only difference between him and me is that he is paid to say that he does not believe in it. I wonder how long he would remain as editor of *Saturday Night* were he to come out with a confession of faith in Douglas' A plus B theorem?

Mr. GRAYDON: Is the hon. member suggesting that he is not putting his views forward honestly?

Mr. JAQUES: I am suggesting what I have already stated; I think that should be enough. One more thing with regard to the "Protocols of the Elders of Zion." Here is another editorial, headed "Disgraceful," which goes on to say:

> The House of Commons has its own way of showing its detestation of intolerance of this kind, as witnessed by Mr. Coldwell's crushing retort to Mr. Jaques on April 19, page 2312 of *Hansard*. Mr. Coldwell's caustic reference to the infamous "Protocols" as the kind of reading with which Mr. Jacques nourishes his mind, floored the member for Wetaskiwin and kept him floored for the rest of the day.

Well, I am on my feet to-day, anyway; and I would say that if the leader of the Co-operative Commonwealth Federation (Mr. Coldwell) has not read the "Protocols of Zion," he cannot know what he is talking about, and if he has read the "Protocols," he is in the same case as I am.

Mr. COLDWELL: I have read them. I do not believe them.

Mr. JAQUES: The difference between us is this—

Mr. MARTIN: You do not believe them?

Mr. JAQUES: —that the leader of the Cooperative Commonwealth Federation is afraid to admit it; I am not.

Mr. COLDWELL: I am not afraid to admit it. I simply do not believe the fables that are to be found in the "Protocols of Zion."

Mr. JAQUES: To prove that I am not afraid of the "Protocols," I have made a few quotations from them and intend to put them on *Hansard*, and I challenge any hon. member to rise and say that they are false. I have never said that I guarantee or that I endorse the authenticity of them. I have never said that So-and-so and So-and-so were the authors of the "Protocols of Zion." Those who feel libelled by the "Protocols" have the most obvious remedy in the world; all they have to do is to rise and denounce the policy of them, instead of denying the authorship. Here and now I say on behalf of Social Crediters the world over that we utterly repudiate and denounce the policies contained in the "Protocols of Zion." But when you come to read them, how can any reasonable man deny the truth of what is contained in them? Let me read this one:

> Gold always has been and always will be the irresistible power. Handled by expert hands it will always be the most useful lever for those who possess it, and the object of envy for those who do not. With gold we can buy the most rebellious consciences, can fix the rate of all

values, the current price of all products, can subsidize all state loans, and therefore hold the states at our mercy.

We shall have occasion at a later date to refer to that. Does anyone care to deny that? Then here is another one.

Mr. COLDWELL: Just a minute; "Does anyone care to deny that?" I do not suppose anyone cares to deny that gold can be used for that purpose, but the point is that the "Protocols of Zion" state that a certain group of people are using it for that purpose and that they are a particular nation. That is the danger of the thing.

The CHAIRMAN: Order. We have been discussing this department for quite a while, and I hope that in future speakers will keep within the orbit, which is a very wide one, of external affairs. I do not think the statement of the hon. member for Wetaskiwin can be said to be included in it.

Mr. JAQUES: Mr. Chairman, we were assured by the Prime Minister that we would have the utmost latitude. I maintain that the matter under discussion is perfectly germane to this debate; more than that, that my honour and reputation have been impugned, and I wish to make my answer to these charges publicly in this house. I can assure the Chairman that I shall say nothing to shock anybody's sensibilities.

Here is another one:

> In our day the power which has replaced that of the rulers who were liberal is the power of gold.
>
> Thanks to the press we have got the gold in our hands, notwithstanding that we have had to gather it out of oceans of blood and tears.

And listen to this one:

> We shall create by all the secret methods open to us and with the aid of gold, which is all in our hands, a universal economic crisis whereby we shall throw upon the streets whole mobs of workers in all the countries.

At a later debate, Mr. Chairman, I shall prove that by no less an authority than the Right Hon. Winston Churchill.

Here is another:

> We shall surround our government with a whole world of economists.

Mr. BLACKMORE: We have them now.

Mr. JAQUES:

> Around us there will be a whole constellation of bankers, and millionaires, because in substance everything will be settled by the question of figures.

And here is another one:

> Economic crises have been produced by us by no other means than the withdrawal of money from circulation. Capitals have stagnated, withdrawing money from states—

[Mr. Jaques.]

The CHAIRMAN: Order. I do not see how we can properly discuss the monetary system or money problems on this item. Again I repeat that although it is very wide in its scope—there is no doubt about that—if we want to make any headway at all, I think we should keep as closely as possible within the limits of the item.

Mr. JAQUES: I sympathize with your remarks, Mr. Chairman. May I say that to the uninitiated it does seem strange; but we are now discussing, I believe, world affairs and the future policies of world government, and to leave out of that discussion the question of financial control is surely to rob it of all reality.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. JAQUES: Mr. Chairman, at six o'clock I was discussing certain financial considerations and you wondered whether I was in order. I hope that in my concluding remarks you will grant me sufficient latitude. I said that in any discussion on international affairs, or in any discussion on any future world order, to leave out the question of finance would be to rob the discussion of all reality. I quoted from the "Protocols of Zion" and the leader of the Cooperative Commonwealth Federation party interjected a remark. He said:

> I do not suppose anyone cares to deny that gold can be used for that purpose, but the point is that the "Protocols of Zion" state that a certain group of people are using it for that purpose and that they are a particular nation. That is the danger of the thing.

Can it be denied? It is not a question whether gold can be used, but the fact that gold is and has been used to the great disadvantage of the vast majority of people. As for the statement that a certain group of people are using gold, and that there is the danger, surely that cannot be denied.

Mr. COLDWELL: The protocol states that only a certain group of people are using it, which is not true. That is dangerous.

Mr. JAQUES: Dangerous to whom?

Mr. COLDWELL: Dangerous to the welfare of the community.

Mr. JAQUES: Which is the most dangerous threat to world liberty—

Mr. COLDWELL: By whom?

Mr. JAQUES: —the reestablishment of the gold standard or the accusation that it will be used and put into force by certain kinds of people? I have no use for and nobody can accuse me of stirring up any kind of race hatred. But when I consider what our troops are facing in Europe at this time, how can I run away from the issue when I am safely in Canada in this house? I say there has been a deliberate plot and a deliberate plan on behalf of the international financiers to reduce the world to a state of servitude, and I am not going to run away from that issue because somebody rises and says it is dangerous to say that because, if you do, you may injure the feelings, if you like, of the Jews. If their feelings are injured they have the remedy in their own hands. Let these international financiers, these, if you will, international Jewish financiers, declare to the world that they will have no more of this gold standard and that they repent of their sins in the past. But they do not do that. Instead of denouncing the policy of the "Protocols," they merely deny the authorship. I do not think it matters who is the author of these "Protocols." I am merely saying, whatever may be said for or against the authors of the "Protocols," that no one can deny that what is contained in them is a reflection of what is happening in the world to-day.

Mr. COLDWELL: Financiers are not all Jews.

Mr. JAQUES: I do not say they are all Jews. Murderers are not all Germans either.

The leader of the opposition made an interjection and asked me if I thought it possible that Mr. Sandwell would be—how did he put it?—guilty of not stating the truth for financial reasons. Let me deal with that in this way. I have asked the members of the press gallery on a number of occasions why it is that the members of this group get practically no publicity in the press.

Mr. MARTIN: The hon. member will get a lot of publicity in Goebbels' press to-morrow.

Mr. JAQUES: I will come to that in a moment if I have time. The members of the press gallery tell me this: We sell our stuff by the inch, and if we sent in ten inches of Cooperative Commonwealth Federation stuff—that is the technical name for their copy, I believe—we get paid for ten inches, but if we send in ten inches of your stuff we might get paid for only half an inch, and we cannot afford that.

Mr. COLDWELL: Relative values.

Mr. JAQUES: Possibly the leader of the Cooperative Commonwealth Federation party thinks that represents the relative merits of the two parties. But I think the real reason is this, that what socialists say is quite welcome to the financial press and what we say is the very opposite. That is why we get no publicity in the press.

Mr. COLDWELL: That is the hon. member's idea.

Mr. JAQUES: What other reason is there? When the press were dealing with certain remarks of Mr. Sandwell on the League of Nations they quoted the leader of the Cooperative Commonwealth Federation. Will anyone tell me what the policy of *Saturday Night* has in common with socialism except the common one of finance? Why is it? Talk is cheap enough, but facts count. I am speaking now as a farmer, and I am speaking mainly to farmers and small business men whom I represent. I should like to know what they have in common as a rule with the policy of such a paper as *Saturday Night*. Does it cater to the welfare of the farmers? Then I will ask this? Where was *Saturday Night* when wheat was twenty cents a bushel? Did *Saturday Night* denounce that? Not that I ever noticed.

The CHAIRMAN: The discussion seems to be wandering far afield. Surely we are not going to start a discussion of wheat all over again. I am going to apply the rules strictly, because I believe the committee desires to see these items go through.

Mr. JAQUES: Very well, Mr. Chairman, I will change the subject. Let me refer for a moment to the attempt to link up social credit with fascism. People have spoken in this house to-day demanding that all the Jews in Europe be rescued and brought to America. I am not saying anything against that policy. But I know this, that three years ago the communist party in this country issued an election manifesto. I have a copy of it on my desk now and I shall quote the last paragraph:

> Join in one common front against this most criminal war of human history. Strike a blow in this federal election to save Canada, to end the war, for peace.

I am not criticising that. This is a free country, thank heaven, and everybody has a right to express his opinion. But I would ask this: Was Hitler a fascist in 1940? Was there any persecution of the Jews in Germany in 1940, or is it only since Hitler invaded Russia that he has become a fascist, and that the Jews have been persecuted?

In 1940 I fought an election for total war against all parties. I say that actions speak louder than words. Talk is cheap, and to describe our group as fascists, Jew-haters or Jew-baiters, whichever you like, when we have proved in the past that we alone in this house stood for total war against fascism, fought an election on it and lost half of our members in so doing, is typical of the "truth-busters". In passing, may I say that those of us who were defeated in the election at once put on the king's uniform.

When I brought up the subject of the League of Nations the hon. member for Essex East retorted, what about T. E. Gregory? What about T. E. Gregory? He is an old friends of ours, and if anyone cares to take the trouble to look up his record in "Who's Who", he will find that up to 1942 T. E. Gregory was known as Theodore Emanuel Guggenheim Gregory, professor of economics at the London school of economics and economic adviser to the government of India. In the last few months we have heard a lot about the economic conditions of India and that they are a reflection of British imperialism. Well, you would hardly connect Theodore Guggenheim with British imperialism. But if you look in "Who's Who" you will find to-day that Theodore Guggenheim has become Sir Theodore Gregory, Knight. That sounds like British imperialism. I should like to quote from the writings of a distinguished soldier. I am referring to Major-General J. F. C. Fuller, author of many standard books on military strategy. This is what he says:

> The many battles in which we have been defeated were not lost in Norway, France, Greece, Crete, Malaya, Burma and Libya; for years back they were lost in our foreign office and in our treasury.
>
> Session after session, foreign minister after foreign minister, with the pickaxe of the League of Nations swinging over his shoulder, undercut the foundation of our national and imperial security, whilst chancellor of the exchequer after chancellor of the exchequer, with the poison gases of procrastination and prevarication, all but stifled efficiency in our fighting forces.

The CHAIRMAN: The hon. member has spoken for forty minutes. Shall the item carry?

Mr. JAQUES: Mr. Chairman, I should like to have the indulgence of the committee for one minute.

Some hon. MEMBERS: Go ahead.

Mr. JAQUES: Major-General Fuller continues:

> Believe me or not—as you like—yet remember that for years my endeavours were ground to powder in the treasury mill. It is not our generals, admirals and air marshals who have failed you—you, the people of this great country—it is the governments you elected and the treasury system you not only tolerated but upheld.

The quotations I have given are justification for my stand. If I did less I should consider myself not worthy to be a member of this house or to represent the people who have sent me here.

Mr. FRASER (Peterborough West): I should like to ask the Prime Minister a question. On May 20 I put two questions on the order paper. The first question was as follows:

1. Who is in charge of Latin American affairs in the Department of External Affairs?
2. Does he speak Spanish or Portuguese?
3. Has he in his office anyone who can speak Spanish or Portuguese fluently?
4. What is his salary?

The second question was:

1. How many members of the Department of External Affairs speak Spanish and/or Portuguese?
2. In making appointments to the Canadian legations in Latin American countries, were the positions advertised? If so, how many applicants were there?
3. Is there a Canadian legation in Mexico?
4. If so, who is in charge?
5. What is his salary?
6. Who are the members of his staff, and what salary or allowance are they paid?

I formulated these questions at the request of somebody in the Department of External Affairs, and I thought the Prime Minister would be able to answer them at this time; in fact, that is what I was given to understand.

Mr. MACKENZIE KING: Mr. Chairman, this would seem to be a convenient opportunity to make a general statement on our relations with our neighbours in the Latin American countries.

There has been a natural and very marked growth of interest recently in our contacts with Latin America. Our newspapers, magazines and radio programmes all bear witness to this growth. So also does the increased enrolment in college classes in Spanish and Portuguese. Inquiries from commercial organizations and questions asked in this house reflect the same interest, and I shall be glad on this occasion to add a little to the information which has from time to time been given to the house.

May I say at the outset that it is gratifying to note that the growth of Canadian interest in the countries of Latin America is matched by a parallel development of interest in Canada on the part of our friends from south of the Rio Grande. We have been happy to welcome in recent months the foreign minister of

Uruguay, the president of Bolivia, the former president of Colombia and a number of other distinguished visitors from Latin America. We were looking forward to a visit from the president of Chile which unfortunately has had to be postponed. In addition, Canada has welcomed groups of journalists from Argentina, Chile, Paraguay, Venezuela, Colombia, Brazil, Ecuador, Mexico, Bolivia and Cuba.

This growth of mutual interest is undoubtedly due in considerable measure to the fact that, with one exception, which we all hope will not long remain an exception, the nations of North and South America have come to a clear and formal recognition of the common danger in which we stand. The democratic and Christian ideals in which we have all been nurtured are menaced by enemies more dangerous than any aggressor in the history of western civilization. Under such circumstances it is right and natural that we should draw closer to those who are our friends and, in particular, to those who fight with us. But in addition to this immediate cause for the establishment of closer relations with our Latin American neighbours there is a growing realization that in the post-war era, as well as in the period of conflict, we shall have interests in common; that our joint contributions to the peace and welfare of the world as a whole can and must be based on a joint and effective interest in the welfare and peace of our own neighbourhood. It is thus a matter of significance, and a sound cause for satisfaction, that we have constantly increasing evidence of the growth of mutual knowledge, mutual respect and mutual good-will among the nations of this hemisphere.

It would perhaps be useful at this point to place on *Hansard* a factual record of the official contacts maintained by Canada in the Latin American countries. As hon. members are aware, we have established legations in Argentina, Brazil and Chile. In each of these countries the officer of the commercial intelligence service who previously acted as trade commissioner is now a member of the staff of the legation with the title of commercial attache. The legations are under the supervision of the Department of External Affairs and report to the Secretary of State for External Affairs.

Under the Department of Trade and Commerce the commercial intelligence service maintains trade commissioners in Cuba, Mexico, Panama—shortly to be moved to Colombia —and Peru. The responsibilities of the commercial attaches and trade commissioners in certain cases extend beyond the boundaries of the country in which they reside with the result that every country in Latin America is within the field of activity of a trade representative of the Canadian government.

Our official contacts with the governments I have mentioned have been reciprocated by the establishment of legations in Ottawa by the governments of Argentina, Brazil and Chile. In addition, there are in Canada consular representatives of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, Guatemala, Haiti, Mexico, Nicaragua, Panama, Paraguay, Peru, Salvador, and Venezuela. Canada has no consulates in Latin America, our only offices of this kind at present being the newly-established consulate general in New York and consulates in St. Pierre and Miquelon, and Greenland. Consideration is being given to the establishment of additional consular offices but no decision has yet been taken.

Our legations in Brazil and Argentina were established in 1941. Our first minister accredited only to Chile was appointed in 1942. The government has been repeatedly urged by representatives of business organizations and others to extend our diplomatic representation in Latin America and we have received proposals looking towards the exchange of ministers from a number of other Latin American governments.

Much as we should like to accede to these proposals, we have found it necessary to move slowly. The major difficulty has been the problem of personnel. It is an ironic fact that the very time when it is particularly important that we should be well and widely represented in friendly foreign countries is the time when the pressure on Canadian man-power is greatest and when it is most difficult to spare from urgent forms of national service persons suitable for appointment to the posts of minister and to the subordinate offices in the proposed legations. It is almost impossible at present to provide any more of the senior officers of the permanent external service for appointment as ministers abroad. We have already reduced our establishment of trained senior personnel in Ottawa and in our present legations and high commissioners' offices to the point where those who are left are carrying a burden so heavy that we cannot add to it by further withdrawals without creating more problems than we solve. Most of those outside the service with the kind of qualifications required by persons apointed to diplomatic posts are already so deeply engaged in activities in close connection with the national war effort, that they cannot justly be urged to undertake appointments abroad. Nothing would be more unsatisfactory or more likely to arouse just

and severe condemnation among our people at home than to send incompetent or unsuitable persons as the diplomatic representatives of Canada in foreign countries.

The same problem exists in great measure with respect to the secretarial posts in our legations. The Department of External Affairs grew slowly for many years and the necessity for economy during the thirties precluded the enlistment and training of as many young men as should otherwise have been enrolled. Now that the necessity of expansion has arisen we find that even by spreading our trained officers very thinly over the field, we cannot cover all the ground that should be occupied. Here again the problems of recruitment have been seriously complicated at the very time when good candidates for the service are most required. A very large proportion of the best young manhood of this country is in the armed forces and selective service rules made it almost impossible —and I do not criticize the regulations—to accept applications from others who are physically fit. Moreover, if we were to fill the service now with young men who had not enlisted to fight for their country those who have joined the army or navy or air force would find their entrance to and advancement in the external service blocked or impeded by the appointments made during their absence on active service. This would be manifestly unfair.

Faced with this problem the civil service commission has held only one examination for appointments to the post of third secretary in the Department of External Affairs in the last three years. That examination, held in 1941, was arranged particularly to fill the definite need arising from our increased contacts with Latin America. It was specifically designed for candidates with a knowledge of Spanish or Portuguese. There were 134 applicants for permission to write, thirty actually wrote and of these five qualified and were appointed to the external affairs service.

Apart from this small group, appointments to the service have been temporary war-time assignments. But even if we could get enough candidates and of the right quality for such appointments, it takes time to train the new officers and to enable them to obtain the experience that is so necessary for those who serve abroad.

These are some of the difficulties with which the service is faced and I admit that I do not see any easy or wholly satisfactory solution to it. It is a simple statement of fact that in external affairs, as in certain other branches of government, in business and in some professions, there are not now available in Canada enough men of the required training and experience to fill the posts that should be filled.

Nevertheless and in spite of the difficulties which I have described it has now become apparent that we cannot much longer delay a further extension of our diplomatic representation in Latin America. Mexico is a case particularly in point. I do not think we should longer delay the establishment of a legation in Mexico City, and I hope that provision for such an office will be included in supplementary estimates to be brought down later in the session. Similarly I hope to be able to announce an agreement to open legations in Cuba and Peru. In some way the difficulty of finding personnel will have to be overcome.

Before concluding my discussion of this problem, may I suggest that hon. members who are interested in the problems to which I have briefly referred may find it interesting and useful to examine the recent British white paper on the reorganization of the foreign service of the United Kingdom. Many of the problems with which we are faced here are similar to those for which Mr. Eden and his associates have tried to find solutions. I am not sure that there is any solution that is really satisfactory during the war. But we shall continue our efforts and anything that members of the house can suggest which will assist us to meet our needs, both current and prospective, will be most gratefully received.

Before concluding my comments on this subject I should like to say just a word about one of the questions asked by the hon. member for Peterborough West (Mr. Fraser). The hon. member will see I have had him in mind right along. On May 5 he asked: "Who is in charge of Latin American affairs in the Department of External Affairs?" The Department of External Affairs is, of course, organized in such a way as to give certain officers definite duties in designated fields. In some cases these fields are based on geographic divisions; in others—questions of international law are an obvious example—they are defined according to subject classifications. The work of all the officers in the department, however, is subject to the review and decision of the under-secretary and ultimately of the Secretary of State for External Affairs. Thus it cannot be said that any policy or official action of the department is the responsibility of any specified officer, nor can it properly be said that any officer is "in charge of" any particular field. Thus the only

fair answer that could be given to the hon. member's question would be that the under-secretary is in charge of Latin American affairs, as he is of all other aspects of departmental activity and that he in turn is under the direction of the Secretary of State for External Affairs, who is finally responsible, subject, of course, to review by parliament for the conduct of our external relations. Under these circumstances I feel that it would be improper to name any individual or individuals in the department as being responsible for or in charge of any specific aspect of departmental activities.

Mr. FRASER (Peterborough West): Mr. Chairman, knowing Latin American people fairly well, and having a number of friends there, I know that one has to deal with them as they would deal with you. They are very courteous. If you go there they look after you, and give you the very best of times. I wonder whom we have here in Ottawa to look after the entertainment of delegates coming from south American or central American countries. Have we anyone who can speak Spanish or Portuguese? I ask that, because a dinner was given here in Ottawa some time ago—I do not know who gave it—but a number of people from South America who could not speak English attended. They simply sat at the table, unable to speak with anyone else. Is there anyone here who could act as host or hostess to such people when they come to Ottawa?

Mr. MACKENZIE KING: I may say to my hon. friend that if he had been in my position he would have known a good deal about the entertainment of some of the gentlemen who do not speak English or French any too freely. In the course of the last few months I have had both the privilege and the pleasure and, I was going to add, also the difficulty, of having to preside at several gatherings at which there have been many persons who were not in a position to speak English, while I unfortunately was not able to speak in other languages. But I am happy to say that through the good offices of different persons in the service, not exclusively in the Department of External Affairs, but through the different branches of the public service in Ottawa, it has been possible on most occasions to assemble together enough members of the public service conversant with other languages and so to place them at entertainments of the kind my hon. friend has mentioned, that the embarrassment caused by differences in language has been pretty much overcome.

From time to time visitors who must be met in the manner the hon. member has indicated come to this city. We seek to find some way of extending the expected courtesies. As the hon. member is aware, my friend and colleague the Minister of Trade and Commerce (Mr. MacKinnon) and members of his staff paid a lengthy visit to South America. He reported, just as the hon. member for Peterborough West has to the house, on how very courteous everyone had been, how generous in their entertainment. Since his return he has felt a certain responsibility to look after distinguished persons coming here from South America and to facilitate their business and entertainment during their stay here, and also to see that they might profit from it. It is a difficult problem.

Mr. FRASER (Peterborough West): I realize that. That is why I brought it up.

Mr. MACKENZIE KING: I thank my hon. friend for doing so. I fear that of the many matters with which the Department of External Affairs has to do, probably the most difficult for some people in our country to understand is this matter of social entertainment of foreigners. There are many people who feel that public money should not be used for this purpose. Unfortunately the Minister of Finance has made it so that very few to-day can do very much in the way of entertaining foreigners after the manner in which they entertain us. However, I believe that this country will have to get accustomed to seeing us do in Canada as is done by us in other countries and have some special provision made for and care taken in entertaining members of administrations and distinguished persons coming from foreign countries. I thank my hon. friend for bringing this matter to the attention of the house in the way he has.

Mr. FRASER (Peterborough West): Would it be possible to send some of the men in the department here to South America or Central America, so that they may become accustomed to the habits of the people there and then when people come up here they will know what they will expect.

Mr. MACKENZIE KING: We have been doing that to a limited extent. Our staffs are interchangeable and we have had some members of our service spend some time in South America. At the present time we have three ministers in South America, and each has a staff. They make a particular point of keeping us advised of persons who are likely to come here and they also assist in making arrangements for their travel and entertainment.

Mr. FRASER (Peterborough West): Do they speak Spanish or Portuguese?

Mr. MACKENZIE KING: One or two do, and they have secretaries who are of assistance to them. The situation with regard to our legations is quite similar to that of some of the foreign ministers who are resident in the city here. As my hon. friend knows, legations have been added recently, and in one or two cases they have been staffed in part by members who thus far have not acquired the use of the English language. But it is remarkable how rapidly they are acquiring it and how well matters have been so arranged as to avoid embarrassment on the score of language. I have just been reminded that our minister in Brazil, Mr. Desy, speaks Portuguese, and that our minister in Chile, Mr. Chipman, speaks Spanish. That is a good beginning.

Mr. FRASER (Peterborough West): After the war is over, we shall have to look to Central America and South America for trade. If we build up friendly relations now, we will get that trade. As the Prime Minister knows, if you want to sell a bill of goods in South America you cannot do it in five or ten minutes like you might here; it may take a month or more.

Mr. MACKENZIE KING: I agree entirely with my hon. friend, and I can assure him that that is one of the purposes of our having opened these legations in South America. We desire to encourage a friendly feeling. We must do all we possibly can to train our men to become as well qualified as is possible to fill these posts in foreign countries.

Mr. FRASER (Peterborough West): Do the men just stay in Chile or Brazil or Argentina, as the case may be, or do they move about to visit Paraguay, Uruguay, Colombia, and the other countries?

Mr. MACKENZIE KING: Our ministers have visited other parts of South America from time to time. As situations or occasions arise which are of special interest, they make it a point to visit other parts. I have in mind, by way of example, the fact that in a few weeks' time there is to be a gathering of members of the legal profession in Rio de Janeiro, Brazil. I believe our minister to Chile, is to address that gathering. As my hon. friend knows, he is an eminent member of the legal profession. It is also being arranged that others from Canada will visit Rio de Janeiro at the same time, and in one or two cases they will, I believe, be able to address the meeting in Spanish or Portuguese.

Mr. COLDWELL: Is any special encouragement being given to the younger men in the Department of External Affairs to take up Spanish or Portuguese, or are any special facilities provided for the study of these languages?

Mr. MACKENZIE KING: We are giving all the encouragement we can to the younger men, but, as I have said, most of the young men have been drafted into the armed forces. There has not been the opportunity to get into the service the number of young men we would like. Those who are in the service now are working for all they are worth and do not have much time for extra study. However, such opportuinties as can be afforded are being arranged.

Mr. FRASER (Peterborough West): Would it not be wise to establish scholarships in Spanish for that purpose? We could bring men along to go into the foreign service.

Mr. MACKENZIE KING: That is a large question, and I would wish to consider pretty carefully as to how it might be viewed by the different provinces, to have the dominion government begin to award scholarships. I see no reason why some arrangements could not be made with the universities to encourage students to take up these special languages.

Mr. GRAYDON: As long as the provinces are on the receiving end they will not worry very much.

Mr. MACKENZIE KING: Probably not. I agree that this is one of the avenues that should be explored.

Mr. ROSS (Souris): The hon. member for Lake Centre (Mr. Diefenbaker) asked some questions on Friday last, as reported on page 4596 of *Hansard*, and I wonder if the Prime Minister could answer them at this time because the hon. member is unavoidably absent from the house to-night on important business: I quote as follows:

"Are members of the military or naval forces of the United States of America who are present in Canada with the consent of the government of Canada for purposes of military operations in connection with or related to the state of war now existing exempt from criminal proceedings prosecuted in Canadian criminal courts and, if so, to what extent and in what circumstances?"

The stand taken by the United States is that their troops in our country are not subject to the criminal law. There is, however, another matter which I think requires interpretation from the Minister for External Affairs, namely, in connection with a United States order that was issued on June 7, 1943. It is singularly of interest that this order should have been made, and I want to ask whether or not it applies to Canadians or British subjects who are employed by contractors in connection with work on the Alaska highway. I quote:

"Paragraph 1 of Northwest Service Command General Orders No. 23, dated June 7, 1943, subject: 'United States military jurisdiction over civilians in Northwest Service Command' is quoted for the information of all concerned:

'Regardless of citizenship, civilian employees of the United States government, or of contractors, working under and in physical proximity to the United States army, including those United States citizens in the above categories discharged from their employment who are awaiting transportation to the United States, are subject to military law and discipline under Article of War 2 (d)'."

Does that mean that Canadians who are working for contractors under or in proximity to the United States army in Canada are subject only to military law?

The hon. member points out that this question has been raised by civilians who find themselves in this category.

Mr. MACKENZIE KING: The question asked by the hon. member was referred to the legal adviser of the Department of External Affairs and I have in my hand the reply which he has prepared.

The hon. member for Lake Centre (Mr. Diefenbaker) asks:

Does that mean that Canadians who are working for contractors under or in proximity to the United States army in Canada are subject only to military law?

Canadians working for contractors under such circumstances are not subject only to military law.

As a matter of fact, the position taken by the Canadian government is that such persons, whether Canadians or not, are subject to Canadian law. In the United Kingdom persons in this position are ordinarily subject only to the United States military courts in criminal matters. The only exception is that persons who are not United States citizens do not come within the scope of the legislation unless they enter into their employment outside of the United States.

The position of contractors and their employees has not been referred to the supreme court for consideration. Some authorities take the view that persons who are subject to the military law of a visiting force are exempt from the local criminal jurisdiction, notwithstanding that they are not members of the force. This, however, is a view which has not received the support of the Canadian government.

Mr. GRAYDON: I think this item is one which provides an opportunity for me to seek some information from the Prime Minister with respect to the relationship of the Department of Trade and Commerce to the Department of External Affairs. As far as our present and prospective relations, diplomatic and commercial, with South America are concerned, it has been made abundantly clear during the debate that keen and increasing interest is shown by Canadians in the countries of Central and South America. I daresay that if the war should conclude within a reasonable time, more Canadians would be planning to visit south and central American republics than almost any other place in the world, so great is the interest in the southern portion of this continent. This of course should have its reflection in the policy pursued by the government. It has been rumoured from time to time that there may be some amalgamation or other change of relationship between the Department of External Affairs and the Department of Trade and Commerce. It is difficult for a layman to understand how two departments can operate hand in hand without very close relationship in respect of their personnel and the manner in which they carry on their business. Can the Prime Minister give the committee some information on this subject, particularly as it relates to the operations of the departments in the central and south American countries?

I should like to supplement this question with an inquiry whether there is in contemplation any overhaul of or extensive change with regard to, the Department of External Affairs. I notice with some interest that the jurisdiction of the parliamentary assistant to the president of the privy council, to judge from the terms of his appointment, does not cover the Department of External Affairs.

If there is to be an extension of relationships, as to both diplomacy and trade, with the central and south American republics and other nations, it would seem to me that the old structure of the Department of External Affairs, operating in one compartment, and the old structure of the Department of Trade and Commerce, operating in another, might properly be the subject of a complete overhaul to bring the two departments up to date to meet modern conditions and to prevent, in line with the Prime Minister's statement, a considerable strain upon the personnel of these two departments.

In making these remarks I am not casting any reflection on the personnel of the Department of External Affairs. I think the Prime Minister could clarify the attitude of the government and explain what it has in contemplation with respect to making these departments into a working whole, to the benefit and advancement of our relationships with the countries to which I have referred.

Mr. MACKENZIE KING: My colleague the Minister of Trade and Commerce is not in his seat at the moment, and I shall have to be a little careful of what I say about his department.

I believe, however, he will agree with me that it is most desirable that the two departments should work in the closest possible, not merely harmony, but relationship. But I do not think it would be desirable from the public point of view that the two departments should at any time be merged into one. It is true that each of them operates to a certain extent in similar areas, but there is a distinct difference between the field which has to do with the political side of public affairs in the large sense of the word, the relationship between the governments of different countries on a multitude of subjects, and that which has to do with distinctively commercial and business affairs.

Mr. GRAYDON: They are pretty closely related, nevertheless.

Mr. MACKENZIE KING: The commercial side is merely one phase of the work. Trade and commerce has been recognized since the time of confederation as being deserving of a separate department of government with a responsible minister, just as the Department of Agriculture or the Department of Mines and Resources might be. As a matter of fact, it would not be wise that the gentlemen in the capitals of the different states who have to do with diplomatic affairs generally should also be expected to look after the commercial interests of the country.

Mr. GRAYDON: I never heard that suggested seriously.

Mr. MACKENZIE KING: That they should? No, I thought not. But there are always along the way cases arising where the Department of Trade and Commerce would find it absolutely necessary, for the pursuit of its own business in a foreign country, to have very close relations with the representatives of the Department of External Affairs. I recall many years ago Canada had a business or commercial representative in Japan; I think he was Mr. Preston. He was a representative of the Department of Trade and Commerce in Japan. The then government of Japan would not receive him because he had not diplomatic standing. It was held by the government there, according to diplomatic practice, that the government itself could only be conferred with —if I may use that expression—by one who carried the status necessary to that purpose. The ramifications of the work of the Department of External Affairs are such that one finds so many matters which require the attention of that department that it would not be possible to join the two. I would say, however, that for some time the officials of the Department of Trade and Commerce and the Department of External Affairs have been conferring together to see to what extent it would be possible to make their relationships serve each other's purposes to a greater degree than they do at the present time, each to facilitate the other's work in as large a measure as possible.

My hon. friend has referred to the fact that there was an appointment of parliamentary assistant to the president of the council and not to the Secretary of State for External Affairs. May I take advantage of this moment to explain why, to put it in a direct way, I myself have retained the position of Minister of External Affairs while holding the office of Prime Minister at this time of war. I can assure hon. members, and my hon. friend in particular, that it has not been through any desire on my part to carry the extra portfolio. I would point out that in time of war nine-tenths of the Prime Minister's work is related to external affairs, and it would be making his task in some ways more difficult were he to try to assume the responsibility of the office of Prime Minister without being responsible as well for external affairs, when practically every decision of vital importance at this time, which has to be made by the Prime Minister, is one that is related to external affairs or would have to come as a recommendation from a minister of external affairs.

I am perhaps stating this in an exaggerated way, but it is impossible to separate the two at this time, and the more so in Canada for the reason that they have never been separated. The Department of External Affairs originated under Sir Wilfrid Laurier's administration, Sir Joseph Pope being the first deputy minister, and from that time to the present the two offices have been actually working together as one, so much so that the Prime Minister gets no appropriation from parliament and what he receives in the way of salary comes to him from external affairs. Matters of bookkeeping and many other things of the Prime Minister's office are managed by external affairs. The two have been carried on, on the business side, pretty much exclusively by the Department of External Affairs.

In not appointing an assistant to the Minister of External Affairs, I have not lost sight of the fact that I am in daily contact with my colleagues, and my colleagues, particularly those who are members of the war committee of the cabinet, are the ones immediately concerned with matters relating to external affairs, so that they are in a position to assist

me, as in fact they do. They carry much of the responsibility that I have to assume in that particular position.

There have been placed under the war committee and under the cabinet as a whole, which is presided over by the president of the council, a number of new boards that have recently been appointed, such as the wartime information board. I mention that as one of the most prominent. It is not possible for any minister to keep track of the work of these different boards. There are different heads and chairmen of the boards, but I felt it was desirable to have someone who would be careful to exercise supervision over that aspect of the work, and for that and other reasons I thought it desirable to appoint a special parliamentary assistant to the president of the privy council.

I could enlarge upon what I have said, but I hope I have made clear to the committee that at this time it would be practically impossible to separate the two offices. I think they should be separated, and I hope I may have something to do with seeing that they are; but so long as the war continues I am afraid it will be necessary to keep them together.

I might point out this fact. Australia, as was mentioned by some hon. member, has established a department of external affairs. New Zealand has just done the same. The Prime Minister of New Zealand, Mr. Fraser, has recently telegraphed me that he himself will feel it necessary to hold the portfolio of minister of external affairs. I can understand that. Hon. members will appreciate the situation.

Mr. GRAYDON: I may supplement the question I asked by saying this. I think there is justifiable curiosity on the part of the public and of members of this house as to why the parliamentary assistant was given to the president of the privy council, because that did not seem to most of us to be the heavy end of the Prime Minister's department. He has mentioned the wartime information board, and I quite share with him the view that that in itself would not ease the burden that anyone would have to carry, as has perhaps been duly indicated by the discussions in the house. But in addition to that, it does seem to me that if a parliamentary assistant were needed, he was needed more perhaps in the Department of External Affairs than in the office of the president of the privy council, which seemed to be the very much lighter duty, and that prompted my inquiry in the first instance, because I have heard that suggestion made in several quarters since the appointment was made.

Mr. MACKENZIE KING: I hope that neither the house nor the parliamentary assistant himself will attempt to construe his functions as so definitely limited that he does not go outside of what immediately comes under the president of the privy council. As my hon. friend knows, practically all government boards have to be kept more or less under review by the president of the council. There is not one of these boards that at this particular time is not concerned with some aspect of external relations. The war information board, for example might almost be described as carrying on a task more for the Minister of External Affairs than for the president of the council, because it is largely concerned with war information in other countries. It has a phase of work related to Canada, but a very large part of its work is the dissemination of information in regard to Canada's war effort in the United States, Britain, Australia and other countries. I might mention other boards having similar obligations. Nearly everything that has grown up in the period of the war relates in some way to external affairs, but the boards themselves come more immediately under the purview of the cabinet, and a part of the parliamentary assistant's duties, as he was told when he undertook the task, is to take on anything referred to him by the Prime Minister.

Mr. GRAYDON: He is a sort of roving commission, in other words.

Mr. MACKENZIE KING: He is a very necessary person to have near at hand in times like the present, and may I say that he has been an exceedingly helpful and able assistant.

Mr. COLDWELL: I, too, was surprised that when the assistant to the Prime Minister was appointed he was not appointed as assistant to the ministry of external affairs, because it has always seemed to me that the foreign policy of this country required very careful attention by this parliament and that the Prime Minister was giving personal attention to matters about which the house and the country were not well informed. I have in mind the fact that Canada is a small country; yet Canada has played a very important role in this war; and there are many small countries playing important roles in the war, some of which are rather disturbed because they think the major powers, particularly the two English-speaking powers, tend to decide things without sufficient reference to the other members of the united nations and particularly the smaller powers.

Those of us who have attended various unofficial conferences in the last year, where we have met representatives of countries that might be regarded as small, have become painfully aware of that fact, and one of the interesting things to me has been that Canada is the small country to which they look as spokesman for the whole group of smaller nations. I think that is particularly true because we are English-speaking and many of the smaller countries do not speak the language we speak, while the two great powers, the United States and Great Britain, both speak that language.

Then, too, there have been certain disturbing events: our absence from some of the conferences; the fact that we have not been invited to some of the conferences; the fact that so much has been decided merely by conference between the Prime Minister of Great Britain, whom we all admire, and the great President of the United States. Nonetheless these two countries are only two of the major powers involved in this war. Ever since last autumn when North Africa was invaded—I said something about this the other afternoon—there has been a great deal of discussion of the situation in North Africa, and I want to ask the Prime Minister what our relation is, if any, to the French committee of national liberation. It has been recognized by some of the smaller nations, by Norway, Belgium and some other countries, as the spokesman for France. Yet undoubtedly there is a feeling abroad, and I am free to confess that I share that feeling, that far too much authority has been assumed by the state department of our powerful neighbour to the south. Indeed, in Great Britain, if you follow the British press carefully, you will read a number of articles developing that particular thought and expressing grave concern that if the same kind of policy that was apparent last autumn in North Africa is carried forward into Italy and is attempted also in France when it is liberated, there will be grave danger of discontent leading subsequently to an upheaval in Europe and perhaps even to another world war on different lines from the one in which we are now engaged. I should like to know what our policy is in relation to some of these important matters. What is our relationship, if any, to the French committee of liberation? What should be our attitude regarding the policy pursued by the state department of the United States in relation to the situation in North Africa? Are we as a parliament satisfied with that? Are we prepared to allow the same kind of policy, namely collaboration, not with Mussolini any more than with Petain, but collaboration nevertheless with people who were very close to the nazi-controlled regime in France or in other countries?

Even now there are suggestions that we might find in Italy persons who have been pretty close to Mussolini, but who are to-day not as close to him and who might head a new government in Italy. There is a good deal of discussion abroad as to what is going to happen in Europe if these near-quislings are to be recognized, and of whether instead we are to recognize the leaders who to-day are very largely underground but are conducting a great struggle against the nazi regime at the risk of their lives. I do not intend to enter into the relative merits of General Giraud and General de Gaulle, because they are together now on the French committee of national liberation and, superficially at least, that committee is functioning with both of them on it. I hope they will remain together. I hope the committee will function under the leadership of these two famous Frenchmen. At the same time I felt that I should ask the Prime Minister what consideration has been given to these problems, and what is the view of Canada in regard to the future of committees of this sort and of the desirability of collaboration with persons who to-day are either leading underground movements in Europe or the undesirability of choosing persons or committees from among the former friends of the regimes we hope to overthrow.

Mr. MACKENZIE KING: My hon. friend mentioned that several small countries had given recognition to the national committee of liberation.

Mr. COLDWELL: Also Russia, I believe.

Mr. MACKENZIE KING: I was going to say that he did not draw to the attention of the committee the fact that the larger powers, the United Kingdom and the United States, are not among the countries that thus far have recognized the national committee.

Mr. COLDWELL: That is correct.

Mr. MACKENZIE KING: In like manner, thus far Canada has not given immediate recognition for reasons that I will make clear in a moment. We have welcomed every move that indicated that the forces under the control of General de Gaulle and those under General Giraud were drawing closer together and that these groups were coming to a common understanding on matters of important policy. We have felt that it would be unwise to take any steps which, if taken

prematurely might be wrongly interpreted by one or the other of these groups. We believed that it would not be long before the position would be so clear that there would be no doubt at all as to the proper moment for recognition.

I might say that Mr. Dupuy, who has been counsellor to our legation to the governments in London from the occupied countries, has recently been in North Africa. The department asked him to go to North Africa and stay there for a time to size up the situation and give us the benefit of his immediate knowledge as well as his wide experience when we came to discuss the matter in a more final way. He is now in Canada.

The committee will have noticed that General Giraud will be here on Thursday of this week, and we have felt, knowing that General Giraud was coming to Canada, that we would wish to have a conversation with him about the situation before taking any steps.

We have had a representative in Ottawa, as my hon. friend knows, of the de Gaullists. We have been following the situation closely from both sides, and it will not, I think, be long before it will be perfectly eviden which is the right moment at which to give recognition to the French committee on national liberation. The government will take its action at that time.

Mr. COLDWELL: If I may ask a supplementary question, does the Prime Minister consider that it is in conformity with the policies of democratic countries—I will put it this way, of our own democratic country, which is the only one involved, that the French national committee of liberation should be virtually under the control of a United States general in the field? My information is, and I may say that it has come from British sources, that this has caused a great deal of misgivings in the underground movement in France itself, and I think one can understand that feeling. I should like to know the Prime Minister's view of that particular way of handing the French situation?

Mr. MACKENZIE KING: I would say to my hon. friend that this committee has two chairmen, each one of whom is a Frenchman, General Giraud and General de Gaulle, and I do not think I would be helping the situation at all by seeking to cast reflections on one or the other.

Mr. COLDWELL: I did not mean that.

Mr. MACKENZIE KING: But the form in which my hon. friend's question is put makes it pretty difficult for me to answer it without doing that. I do not think he so intended.

Mr. COLDWELL: No, I did not.

Mr. MACKENZIE KING: Similarly my hon. friend asked me if I thought a certain policy of the United States state department was correct. I do not think it is for a member of the Canadian government to reflect on policies of the government of another country.

Mr. COLDWELL: I did not intend to reflect on the state department of the United States, or on the fact that General Eisenhower practically had the right to approve this committee. I did not mean that. I believe that as one of the united nations we must frankly face, either here or in a closed session, some of the implications of this whole situation. I can see that we are going to be in the same situation as we were before the war when we had no independent policy, no policy of our own. I think that is true, and by following the line of least resistance we allowed our influence to be unused, when it could have been used in a more constructive way. I am anxious to see that we do not fall into that position again.

Mr. GRAYDON: Mr. Chairman, I find it difficult to follow the line of argument of the hon. member for Rosetown-Biggar. Because our present relations in North Africa are so delicate, I can see no useful purpose being served by discussing them in any great detail in the House of Commons.

Mr. COLDWELL: That is the old story.

Mr. GRAYDON: That may be a good answer from my hon. friend's point of view, but I think the public generally will have some sympathy for the position I take. I refer now to his statement with respect to General Eisenhower's position in the North African theatre of war. I think everyone has to recognize that this is something more than a political matter; it is a military matter as well, and one which is fraught with all kinds of possibilities, particularly so at a time when we are beginning an offensive which has given us a foothold on European soil. I do feel at this time that no useful purpose can be served by discussing at this long distance the matters which were raised. In saying that, I do not desire to reflect in an unfriendly way upon my hon. friend.

I take it from the Prime Minister's remarks that our position as Canadians in the North African political situation is this: we are taking whatever steps are necessary in collaboration with the United States and Great Britain, and we are working in close harmony with them. I should be surprised to hear that that was not the situation. I should like to have assurance from the Prime Minister that the matter is being carefully and harmoniously worked out, having in mind with regard to both the military and the political situation the other great powers who are interested with us.

Mr. MACKENZIE KING: I say to my hon. friend that right along, by that I mean ever since North Africa came into the picture, there has been the closest collaboration between our government and the British government and our government and the United States government with respect to all the questions that were likely to be of common concern; and certainly this one is foremost among the number.

Mr. NEILL: Mr. Chairman, last Friday night at eleven o'clock the hon. member for Yale asked the Prime Minister if he intended to reply to the speech of the hon. member for Comox-Alberni before the item in committee is passed, or if he will make his speech on another item. The answer of the Prime Minister was as follows:

I have been making notes of the various points raised. I shall try to get them in order between now and the beginning of next week, and may endeavour to answer them all pretty much at the same time.

We appear to be drawing toward the close of this long drawn-out debate, and I was wondering if the Prime Minister would make any statement in answer to my hon. friend.

Mr. MACKENZIE KING: I was hoping I would feel sure enough of my ground after one day's discussion to take up, in concluding the discussion, the different points that had been raised, but up to this moment I have not been any too sure it is at an end. However, I had no intention of overlooking the questions which were asked by the hon. member for Comox-Alberni and which were asked again this afternoon by the hon. member for Kootenay West. The question was as to what the government proposed to do with respect to the Japanese nationals in this country when the war was over, whether we would see that they returned to Japan. First of all I thank my hon. friend for the implied compliment that this government will be necessarily in office when the war is over and will have to do with post-war matters. I should like to oblige him at once by telling him what the government's policy at that time will be; but what I would say to him as to what the government's policy at that time will be will depend upon the times, as they may be, and upon what the situation may be at that moment. My hon. friend will realize we have to-day as one of our allies the United States of America; that in dealing with all matters relating to the Pacific our two countries have been keeping very closely in touch with each other. I should rather hestitate at this moment, without either the war being concluded or an opportunity of conference with governments of allies, to make a pronouncement upon war policies which affect the whole of the oriental situation. I do not think that I should be expected to do so or that it would be wise to do so. May I give a very clear reason as to why it would be unwise to make a pronouncement of the kind.

The hon. member for Kootenay West this afternoon said that if we reached the time where Japan saw that she was getting the better of the situation, some of the Japanese nationals in Canada might cause a good deal of trouble and we would have a good deal of difficulty with them. He said at the present time they were not causing any embarrassment. I cannot imagine that we are going to come to a time where Japan will be justified in assuming that she will have the last word in this war. I am pretty certain that she will not. However, take the present situation. At the present time, according to what the hon. member has said, the situation is quiescent, or at least there is no difficulty arising because of the Japanese in this country. But I ask the hon. member what the situation would be to-morrow if I were to make a pronouncement to-day which would be of the character that the hon. member for Comox-Alberni would wish me to make. Does he think we would be able to handle the situation within Canada itself as well from now to the end of the war as we are able to do to-day, and as we have dealt with it thus far. I do not believe I can say more than that. When the time comes, if the government is in office we shall certainly have a policy that will be very clear; it will be a policy that will be the result of mature consideration with those that we believe should be consulted meanwhile, and it will be made known at the right time to the country.

Mr. QUELCH: I should like to ask the Prime Minister if the papers dealing with the international stabilization of currency will be

dealt with at this time, or whether they should be dealt with when the estimates of the Minister of Finance are before the committee.

Mr. MACKENZIE KING: I think stabilization of currency would come more appropriately under the heading of finance than under any other heading.

Mr. GRAYDON: I was a little bit surprised at the Prime Minister's answer to the hon. member for Comox-Alberni with respect to the policy relating to the Japanese situation. There is a feeling across Canada that this is a Canadian problem rather than a British Columbia problem alone. I am not desirous, as the Prime Minister knows, of raising questions that will embarrass the government in the handling of delicate problems, because I believe such a course is inexcusable at all times, but I believe that the Prime Minister ought to make it clear whether or not the policy of not declaring the government's intention with respect to the Japanese population in Canada is dictated from fear with respect to the internal situation of Canada in regard to the Japanese, or whether it is dictated by some influence it may have on the Japanese with respect to reprisals on the part of the Japanese empire. I do not want to press the Prime Minister unnecessarily on this point. I do not want to take upon myself the job of urging him to take a position that will in any way jeopardize our position as a nation or interfere with our security. But I do believe there is a strong and ever-growing body of public opinion in Canada that is asking the government to deal in some direct way with the Japanese problem which was raised by the hon. member for Comox-Alberni. I do not think the Prime Minister's answer to him will be received with the kind of approbation in Canada that a forthright statement of policies would bring from the people. I quite understand the Prime Minister will not agree with me when I say that this kind of statement has some elements of appeasement in it. I do not wish to convey that idea unnecessarily to him. Nevertheless there will be a great section in this country who will believe that it has many of the elements or factors of appeasement in it. I think in these times, if we as a nation cannot make a definite statement with respect to enemy populations within our gates, while a war is on, then it will be more difficult to persuade governments to take forthright steps when peace comes. As I say, I do not wish unnecessarily to press the point. Nevertheless I think the Prime Minister ought to know that there is quite a strong body of public opinion in Canada which feels that the government ought to make some forthright declaration on the point.

Mr. STIRLING: Before the Prime Minister answers, I should like to ask him whether he realizes the natural anxiety in the minds of those people in the southern part of British Columbia, where three-quarters of the Japanese removed from the protected area now are. They are in camps, in these empty towns which have been fitted up for them. They are in work camps in outlying places. People in the southern part of British Columbia, east of the protected area, now find themselves the recipients of 18,000 Japanese. They realize that the people in the protected area will not look with equanimity on the return of the Japanese to that part. They know that the agreements with the three provinces which have received Japanese contain a clause to the effect that the Japanese shall be removed. The people whom I represent see the danger of these Japanese being returned to that part of British Columbia where there are already 18,000 of them. I wonder if the Prime Minister realizes what I call the natural anxiety of those people, and whether he will consider making a statement which would tend to relieve that natural anxiety.

Mr. MACKENZIE KING: Answering the hon. member for Yale (Mr. Stirling) first. The government has already made it clear that it was appreciated that the bringing of a number of Japanese into these ghost towns, so-called, was naturally creating a situation which would not be regarded as pleasant or desirable if it were a continuing one, and that an effort would be made to see that that situation was relieved as early as possible. That was clear, and the government of course will hold to that. The arrangements made internally have been made to meet the existing emergent situation in the best and quickest possible way. They have never been intended as permanent arrangements, and certainly those communities most affected at the present time ought to be and, I believe will be, first considered when the time comes that it is possible to help relieve the situation.

Then, may I say to the leader of the opposition (Mr. Graydon) that when he talks about appeasement I am afraid he is using a word in its application to the situation now existing between Japan and Canada the full significance of which he possibly has not appreciated. I assure my hon. friend this government has done nothing with any desire to appease the Japanese. But I ask him, and I ask his colleagues whether he or they believe

a pronouncement on my part to-night which would indicate a vindictive attitude on the part of Canada toward Japanese nationals in this country would be welcomed by Canadians who are prisoners of war in Japan at this time. I ask him whether such a pronouncement would be welcomed by Canadian civilians who are now in Japan. It is very easy to proceed in a light-hearted way to condemn the government for not coming out and making this or that pronouncement, without so much as considering what the effect of such a pronouncement might be. It may be all very well to have one's mind on politics in British Columbia, but to forget the effect of politics in the whole of Canada, in a war-time situation such as we have at present is a serious matter.

Mr. GRAYDON: Does the right hon. gentleman say that I had in mind politics in British Columbia?

Mr. MACKENZIE KING: Yes. I say that the mere mention of appeasement to-day is to use a word which is used for political purposes. It is not used for the public good.

Mr. GRAYDON: I rise to a point of order. May I say to the Prime Minister that I felt in rising on this point that I was taking perhaps as reasonable a stand with the Prime Minister as one man could with another. So far as appeasement is concerned, may I say that I used the word with the feeling that there would be a section of the country who would regard it as an appeasement policy. And more than that, I think if my right hon. friend would recall my words he must admit that his reply was quite unwarranted. I had no thoughts in the matter, except that there are many people, in fact a great section of our people in Canada, who feel that some forthright declaration should be made by the Prime Minister. I asked the Prime Minister to reply, but I told him particularly that I was not urging or pressing him if indeed there was some question of public security involved. I thought I was being just as fair as anyone could possibly be under the circumstances.

I do not wish the Prime Minister to undertake to place insinuations on matters I discuss. I raised the matter, not with the thought of politics in British Columbia, or politics anywhere else across the whole Dominion of Canada. I do not wish the Prime Minister to insinuate unfairly.

Mr. MACKENZIE KING: I say to my hon. friend that he knows as well as I the significance attaching in the public mind to the word "appeasement." He knows how the public view a charge of appeasement against a government in this time of war. And if he did not wish to be misunderstood he should have chosen his word more carefully. However, I am quite prepared to drop the matter there. I have made it clear, I think, first of all that there will be time enough to state what the government's post-war policy is when the war is won. I do not think the government should be expected at this time, when we are seeking to win a war, and have very close relationships with our allies in different parts of the world, to make pronouncements without even a conference with them, when the situation is one which might affect them as well as ourselves. We should not be called upon or be expected to make pronouncements of policy which have not been considered in relation to the time and the situation to which they will relate. That is only common sense in the business of government. I think the public will see the reasonableness of that position.

I do hope I have made it clear, as the committee well knows, that there are a number of our own Canadian soldiers to-day in prison camps in Japan. Also a number of our civilians are in that country. And I ask the committee whether in those circumstances hon. members believe it would be in the interest of Canada and in the interest of her men who have fought overseas and become prisoners of war, to make a pronouncement which might only serve to inflame the Japanese mind.

Mr. GRAYDON: The Prime Minister's remarks partly answer the question I asked. If he will recall, I asked whether or not it was a question of an internal condition which prompted the government not to make a declaration, and whether there was any question of reprisals over there. If it is on the latter basis then, as the Prime Minister indicated, is that the only basis upon which the government is actually proceeding in connection with this line of policy?

Mr. MACKENZIE KING: I have given two or three statements already. I said it is not on general grounds. I do not think a government that is governed by common sense would attempt to make pronouncements with respect to hypothetical situations. When we know what the situation is that we have to face, we will deal with it in the light of existing conditions.

Mr. GRAYDON: That would really do away with the question of post-war planning so far as the government is concerned.

Mr. MACKENZIE KING: Oh, no. It is one thing for a government to have definite

plans in connection with certain matters, and it is another thing to make a pronouncement of policy with respect to unknown conditions.

Mr. GREEN: What progress has been made in the negotiations leading to a further exchange of Canadian and Japanese nationals? I understand that last year between forty and fifty Japanese were returned in exchange for Canadians. On two or three occasions during the present session a similar question has been placed on the order paper, and in each case the answer has been that negotiations are under way. I should like the Prime Minister to tell us the situation at the present time with regard to these negotiations. Would he tell us also the approximate number of Japanese nationals in Canada who have signified a wish to be exchanged during the war? I believe that quite a few have asked to be sent back, and it would be interesting to know the approximate number. A second question has to do with a statute passed in 1913 known as the Japanese Treaty Act, which really made Canada a party to a treaty between Great Britain and Japan. In one of the articles of the treaty there is a provision for termination on notice, after a certain lapse of time. I presume the fact that we are at war would cancel the agreement, but I do not know whether it would repeal the statute. There is certain British Columbia legislation which has been held to be ultra vires because of this dominion statute known as the Japanese Treaty Act. I should like to know if consideration has been given to having this act repealed. It would seem to me that that is a step which should be taken. Finally, now that we are at war with Japan, would it be possible to have the Lemieux agreement tabled in the house? As the Prime Minister knows, this agreement was negotiated with Japan in 1907 or 1908, and I think he personally had something to do with the negotiations. It has never been tabled and I am wondering whether there is any reason why it should not be now.

Mr. MACKENZIE KING: In regard to the exchange of nationals, I understand that a second ship is leaving Japan shortly, if it has not already done so. It will be bringing some Canadian nationals back to Canada and will be taking Japanese nationals back to Japan.

Mr. GREEN: How many are going back from Canada?

Mr. MACKENZIE KING: I cannot say offhand. I am informed that the one ship is not only for Canada, but is also for the United States and certain South American countries. The second repatriation party is expected to leave this summer, returning Japanese from Canada, the United States and South America. That is the information I have and I cannot give more than that. As to the number who have applied, I would ask that this question stand and I shall try to get the information. In connection with treaties, war puts an end to them. I am not sufficient of a legal authority to say offhand whether the provisions of a statute which relates to these matters would simultaneously be regarded as coming to an end, but I shall endeavour to get definite information on that point. I certainly think in effect it would be at an end; if it is not, there would appear to be no reason why it should not be repealed.

Mr. GREEN: The difficulty is that it makes certain British Columbia legislation invalid.

Mr. MACKENZIE KING: I am glad my hon. friend has raised the question and I shall have it looked into. I do not see any reason why the Lemieux agreement should not be tabled. I shall endeavour to get the particulars and have them tabled.

Mr. GRAYDON: Could we have the estimated number of Canadian nationals now in Japan? The Prime Minister may not have this information at the moment, but perhaps he would not mind getting it if it is available.

Mr. NEILL: I think it is about 9,000, if my hon. friend wishes to know. The Japanese in Canada are divided roughly into three. One-third are nationals still subjects of Japan; the second third are nationals who have been naturalized, and the third third are Japanese who have been born in Canada.

Mr. MACKENZIE KING: The hon. gentleman is giving the number of Japanese in Canada; the leader of the opposition asked for the number of Canadian nationals in Japan.

Mr. NEILL: Like the leader of the opposition, I feel a sense of grievance at being accused in the language of the Prime Minister that any suggestion as to methods of dealing with this important subject should be put down to the cheapest form of political intrigue, or even worse than that, the suggestion that we are almost, if not wholly disloyal in connection with the steps to be taken for the carrying on of the war and the subsequent peace. The Prime Minister tells us that it is against common sense to look forward to what we should do in certain given circumstances.

Mr. MACKENZIE KING: My hon. friend must not misconstrue what I have said. I did not say that it was not common sense to look forward to what should be done. Those were not my words at all. I spoke about stating a definite policy with reference to a situation which one did not know at the present time and could not say what it might be.

Mr. NEILL: There is really not much difference between the interpretation I put on it and the language of the Prime Minister, although his words may be more dignified. In planning an election, what is the first thing every party gets out? They get out a platform. What is that platform but a declaration of policy which, if returned to power, they are prepared to carry out. The Liberals formulated a platform, I think in 1919, and so far as I know, that platform is still being carried out, or it is supposed to be. From time to time reference is made to it. It is a long time from 1919 to 1943, and if we are still following that platform as a chart laid down in 1919, there must have been men of great vision in those days who could foresee and lay down a definite policy that would be followed out so many years in the future.

I have been associated with this question of the Japanese for many years, and I certainly do not like the suggestion that I am animated by the cheapest sense of political ambition. I am occasionally accused of that in the press, but I think I can leave it to my constituents and to my province to decide whether that accusation is justified. The Prime Minister has said that our nationals who are in Japan may suffer if suggestions similar to those which I have expressed at different times are carried out. But what should be considered is the difference between the oriental and the occidental mind. The Prime Minister thinks that if our dealings are fair, if we do not do anything unjust to the Japanese, in the same spirit they will treat our men over there in a similar manner.

Mr. MACKENZIE KING: I did not say that. I never said the Japanese would treat our men fairly; I said they might be very much more vindictive than they are—which is a very different thing.

Mr. NEILL: Well, I was putting it on the right side: if we treated them decently they would treat us decently. Now the Prime Minister says he did not say this; he said, if we did not take care we would be subject to reprisals—if you will allow me to use that word.

Mr. MACKENZIE KING: No, I did not.

[Mr. Neill.]

Mr. NEILL: Well, then, it would be the worse for our prisoners in Japan if we indicated what our policy was going to be. Here I come down to the difference between the occidental and the oriental. All that Japan would gather from any action of that kind, supposing we said, "Now, we are going to give you Japs everything after the war," would be that we are afraid of them. The oriental's mind works like that; he would say, "We can do anything we like to our Canadian prisoners, because these people are afraid of us." If the Prime Minister took a bold stand and said, "We are going to do thus and so"; and if he has any suspicion of reprisals, he could add the pronounced warning that we, the people of Canada, will definitely punish those people who have not treated our men according to the recognized usage of prisoners of war; that would come home to the Jap. If the Jap thinks he is going to be punished he will be very much more careful about what he does than if you tell him that you will treat him as a gentleman and expect him to act as a gentleman. I make that very clear, and heaven knows I am the last to do anything which would imperil our men over there. But I sincerely believe that a policy of indefiniteness—for I do not want to use offensive language—will hurt our men over there, because it will convince the Japanese mind that Japan can afford to play fast and loose with us, whereas were he boldly and definitely warned, as long ago the United States warned Germany, and it would have been becoming for us to have warned Japan at the very first suggestion of impropriety—warned as to what the international rules of the Geneva convention required, and that if they were not adhered to to their utmost extent, there would be, not reprisals, but punishments accruing after the war to those who directly and indirectly were responsible, I am convinced that that point of view and that action would appeal more to their mentality than any suggestion of soft-pedalling our rights in the hope of influencing them favourably. I cannot remember the author of the poem, but there is a verse running in my mind something like this:

> Still the bold brave man is fortunate
> He keeps his object ever full in sight;
> True t'is a narrow way that leads to bliss
> But right before there is no precipice.
> Fear makes men look aside
> And so their footing miss.

Courage and boldness should be our policy, not expediency.

Mr. COLDWELL: I have no sympathy with the people who want to appease Japan; in fact I have been more than a little disturbed when I have heard statements made that perhaps after the war a strong Japan in the far east may be a useful counterbalance in Asia. We should make it very clear to the Japanese that any atrocities committed on our nationals in Japan at the present time will be punished to the utmost of our power when the war is over; I believe the effect would be beneficial.

But I rose to say two things: this is one of them. I heard a very wise Chinese gentleman say a few months ago that we—that is the United States and Canada—had placed one of the finest propaganda weapons in the hands of the Japanese by our treatment of the Japanese in Canada and the United States during this war; that over the air from Tokyo to the people of the east went the story that these people in North America had torn up the roots of people, some of whom had been born of Japanese parentage in these countries, that we had taken their property away from them, and had placed them in internment camps, whereas German nationals and Italian nationals of the second and third generation had not been so treated; and over the air from Japan went the story, "that is because these people are of a different colour." There was the racial angle placed in the hands of the Japanese war lords to use as an effective propaganda weapon. Therefore I can see the point made by the Prime Minister to-night. We should, it seems to me, make it very clear that we are out to destroy Japanese power once and for all, that when this war is over we are going to punish those upon whom we can lay our hands who are responsible for any atrocities, but to my mind we should be careful lest we raise an issue in Asia which may be very difficult for us to meet in the future and moreover may interfere with our winning over of the Asiatic populations to our side during the war.

The other thing I rose to say was that a short time ago we had a visit in this chamber from a very charming lady, the wife of the Generalissimo of China, and when she was speaking to this house my mind ran over the situation in this country both before the war and at the present time. I happen to have to-night with me a dispatch which was filed by the Canadian Press as long ago as November 15, 1937, from Brussels. Hon. members will recollect that in October, 1937, a conference was held at Brussels regarding the situation in China, to give China moral support. At that time the Chinese delegation issued a statement. A part of that statement refers to Canada. I am going to remind the committee of what it was:

> Canada has been a substantial contributor to Japan's weapon of war, according to a statement issued by the Chinese delegation to the nine-power treaty conference to-day.
>
> The statement analyses Japan's dependence on foreign supplies for raw materials. It says that in 1936 Japan imported aluminum, used in aircraft manufacture, valued at 12 million yen ($3,480,000). Of this Canada furnished 71·7 per cent.
>
> In the same year Japan imported 33 million yen worth of copper, of which Canada furnished 97·11 per cent.
>
> In the same paper there followed a comparative table issued from Ottawa showing the increases in our sales to Japan last year.

That was 1936. It seems to me that we owe a debt to China. We have supplied her enemy with the wherewithal to make war. A few days ago, on the seventh day of the seventh month, China began her seventh year of war, and during the last six dreary years the Chinese people have suffered terrific casualties. I know, and I believe hon. members know, that wherever we meet educated Chinese ladies or gentlemen, sooner or later the conversation will drift around to the position of the Chinese in North America and in Canada. We have very few Chinese in this country and they are becoming fewer. I believe the time has come when we shall be able to make an agreement with the Chinese government so that there will be no danger of an influx of Chinese into our country. Of course no more are coming in now. It seems to me, therefore, that it would be a very fine gesture at this time on the part of Canada if we said to those Chinese who are in our midst, "We are going to treat you as we treat other people; as a token to your countrymen, we are going to treat you now as we treat all others who have come to us from other countries; thus we are going to give you equal status as Canadian citizens." I say that there is no danger of any influx. They are here. We know that in many respects they have performed useful functions and many of us, particularly those living on the western plains, have received many a kindness from a Chinese restaurant keeper or a Chinese settled in our midst. It seems to me that the sacrifices their country has made might be recognized in this way. I may say that a short time ago in Washington I had the privilege of listening for a few minutes to representations seeking the repeal of the United States exclusion law. We have few Chinese people here, and I suggest to the Prime Minister that some consideration be given

to this manner of showing our appreciation of what the Chinese nation has done for us in its long struggle.

Mr. TURGEON: The hon. gentleman is making that suggestion from the federal point of view. Is there any federal legislation or regulation now that takes the vote away from the Chinese or that prevents them from voting in any province?

Mr. COLDWELL: I think that where provincial legislation exists, as it does in some provinces, our government, recognizing the services that the Chinese have rendered to the democratic nations in this war, might approach the provincial governments with a view to removing these barriers for the few Chinese in this country, thus conferring upon them the rights of full dominion citizenship.

Mr. CRUICKSHANK: Does the hon. gentleman suggest the same for the Japanese?

Mr. COLDWELL: I am not referring to the Japanese. I made my position clear as far as the Japanese are concerned, but my hon. friend knows that their disability is felt very keenly by educated Chinese ladies and gentlemen who come to this country, and when we acclaim the distinguished wife of the head of the Chinese government in this chamber, surely the position that many of our Chinese citizens, as Chinese residents, find themselves in, is at least incongruous.

Mr. TURGEON: Can the hon. gentleman really say that there is any resentment among the Chinese against the Dominion of Canada in connection with their lack of the voting privilege in some provinces? There is against the province, but can he say there is any against Canada?

Mr. COLDWELL: Many of the Chinese fail to understand and to recognize the distinction between the provincial and dominion franchise.

Mr. TURGEON: The Chinese in British Columbia have always been without the franchise and they recognize the distinction.

Mr. COLDWELL: May I tell the hon. member for Cariboo that I am not talking about the Chinese in British Columbia.

Mr. TURGEON: But they do recognize the distinction.

Mr. COLDWELL: I am talking about the Chinese who visit this country, the Chinese one finds around our legations and embassies or who visit Canada. Those are the ones to whom I am referring, not the laundrymen or restaurant keepers one sees in British Columbia, but the educated Chinese gentleman who feels that his compatriots are not treated as they should be treated by Canada. They fail to make the distinction that the hon. member for Cariboo makes.

Mr. TURGEON: What is the benefit of saying in this house something that will confirm the feeling that a resident of China may have, which is wrong, that Canada as a nation is taking the franchise from or refusing to give it to Chinese in Canada? What is the good of making a representation of that kind in this house? His fear is only confirmed.

Mr. COLDWELL: I have made my position clear. My voice can be heard only in this chamber. I do not speak in the legislature of British Columbia. I am a citizen of Canada. I heard Madame Chiang Kai-shek in this chamber, and I am suggesting to the Prime Minister that approaches might be made by our government to the provinces in which there are disabilities for the removal of those disabilities.

Mr. CRUICKSHANK: Does that go for the Japanese too?

Mr. COLDWELL: I made my position clear regarding the Japanese. I am talking about the Chinese, who are our allies, and not about the Japanese, who are our enemies.

Mr. REID: With regard to the treatment which it is said we have been according the Japanese nationals in this country, I do not think we need be unduly perturbed over that.

Mr. COLDWELL: I hope not.

Mr. REID: Anyone who knows anything about the Japanese knows that they themselves inculcate in their children, from the day they are born, right through life, that they are a superior oriental race, distinct and apart. They are the sons of heaven in their own eyes. As I said in my speech the other day, they look down upon us as an inferior race. We need not therefore be perturbed so far as they are concerned. What I wanted to say was this, and I say it with the Prime Minister present. Very often people get up in this country, when some of us undertake to speak about the Japanese and to put before the people the facts as they are, and immediately tell us what we should do. I repeat that if any of the Japanese born in this country are to remain in this country, the first step that should be taken should be taken by the Japanese themselves; and no Japanese has so far taken the first step in the direction of real Canadian citizenship, for the reason that everyone of them owes allegiance to Japan, whether born in this country or not. We have

never heard one of them stand up and say to Japan, "You are not our country; we were born here, we are Canadian citizens." I challenge any hon. member to show one instance, in the long life of the Japanese in this country, where one of them has made it apparent that he is a true Canadian citizen.

Mr. COLDWELL: I was not discussing the Japanese.

Mr. REID: I am making a few remarks along the lines of the speech I made a few nights ago, and I am pointing out to those people who blame us for not doing something for the Japanese, that the Japanese have done nothing themselves in this regard, and until they take the step I suggest—and I speak of those born in this country—I do not see how we can do anything to make them truly Canadian. The mere accident of birth does not make them Canadians, though under the law it does. I am speaking of those who owe allegiance to two countries, and I say that no man can be a truly Canadian citizen who owes allegiance in the first instance to Japan, or for that matter to any other country. I was one of those who, in the days before the war, pointed out that we had done a great injustice to the Chinese in excluding them, while at the same time we allowed the Japanese to come in at the rate of 150 a year. I could not see the sense or the righteousness of that, because both are oriental or Mongolian races; and yet we have a Chinese Exclusion Act. I and others as well advocated one for the Japanese, but there were always reasons advanced why we could not do that so far as the Japanese were concerned. Had we done so, our condition would not have been any worse to-day and it might have been better; for, if we had taken a strong stand in those days and said to Japan, "We are closing the door," we would have settled the matter. I may be contradicted in this, but we are following too much the policy of Great Britain. We should settle our own affairs and decide who should settle in this land after the war; and as regards those who are not truly Canadian citizens, I would say that they should go to the country to which they owe allegiance.

Mr. ESLING: I hope the Prime Minister will fully understand my reference this afternoon to 8,000 Japanese in my own district. I do not know about the reception they have met with in other districts; but I did say that their attitude in Kootenay West was tranquil, but that when the time came and the allies would be devoting their attention exclusively to Japan, then perhaps that attitude might change and become a dangerous one, particularly where there are so many power plants and bridges nearby. I hope the Prime Minister will not misunderstand our attitude. If he had 8,000 Japanese in Prince Albert and 4,000 recalcitrant Doukhobors, he would feel concerned about it.

Mr. MACKENZIE KING: I share the concern of my hon. friend. I do not say he is wrong in fearing possible consequences from having numbers of Japanese in his community. But I do say that a declaration to-day of the character that I have been asked to make would not help to make the situation any easier. It would make it more difficult.

Mr. GRAHAM: In justice to a very brave man and a very fine citizen of Japanese origin, I cannot let the statement made by the hon. member for New Westminster go unchallenged. I have in mind a young Japanese who served with distinction in my own company in France and who was decorated by this nation. He saved the life of one of his comrades by performing a very brave deed. He came back and settled in my district where he is now farming and is one of the most highly respected farmers in his particular area. To-day he has two sons serving with the Canadian forces in this war.

While I am on my feet I want to say this with respect to Canada's foreign policy. I could not hope to use the eloquent language used by the hon. member for St. Lawrence-St. George the other day in describing Canada's position and its relationship to the British commonwealth of nations. I was delighted with his address. He is one of the prominent young Liberals of this house, who, given good health, may in the days to come speak with some weight in the councils of the party. I wish to associate myself fully with the interpretation he gave of the place that Canada occupies as a nation and in its very fine relationship to the British commonwealth of nations.

I want to say, too, that we are in the same danger in this country as they were in Great Britain at one period when a group known as Little Englanders arose. We must not be Little Canadians or Little Imperialists. We must be big in our mental approach to the tremendous problems that we shall have to face in the post-war period if we are to justify the fine record we have had in this war. While we think this war period is our great testing time, let us keep in mind that we are all bound together by certain ties of common purpose and that, despite our political differences, that

tie is there as a moving spirit among the Canadian people. But as we approach victory there is a danger of the tie loosening, as the problems become greater. I view the future with a great deal of concern lest the Canadian people lose some of that unity which is necessary even to approach, let alone solve, the problems that will come to this world when peace is declared.

I wish to put myself on record as saying that Canada's post-war policy in relation to other countries must never be one of hatred or of revenge. It seems to me that if we think in terms of hatred and revenge we shall lose the great opportunity we shall have then to accomplish so much of what we desire to accomplish. Burke's famous statement has lost none of its truth by frequent repetition that in truth you cannot indict a nation, and it will be impossible to indict either Germany or Japan, and this despite all the cruelties and barbarities that Germany and Japan have committed. In our own enlightened self-interest we must keep in mind that there are some seventy millions of human beings living in the Japanese empire and some seventy or more million human beings who call themselves German, and our task will be to find in some way, somehow, a means of educating and training these Germans and Japanese—yes, and Italians—to fit into the new heaven and new earth we speak about. We must have within our own policy the principle of justice rather than of hatred and revenge. I hope that in this house during the war period we shall be prepared to leave these matters that are bound to create a great deal of controversy to the judgment of the Prime Minister, whose whole history shows his wise tolerance and understanding of the problems with which we are confronted in Canada. I think we can safely assume that he will deal wisely with these problems in their international aspect.

Mr. NEILL: If I may ask a question, what percentage is one out of 25,937?

Mr. GRAHAM: I might have mentioned an exception, but I remember that Japanese boy who served with me, and I was extremely proud of his record and could not allow the statement of the hon. member for New Westminster to go unchallenged.

Mr. REID: The hon. member could probably find more cases than he mentioned, but it seems rather strange that when the Japanese were being removed from the British Columbia coast, and the provincial governments were asked if they would take them, every provincial government, so far as I know, said, Yes, we will take them on one condition. That condition was that they would be removed after the war from these other provinces. Are we in British Columbia for ever more to be told that this is simply a British Columbia problem, and when we air our grievances we have it hurled at us that we are Japanese haters, when every province took the stand, we will take these Japanese only if you remove them from our province after the war? If the Japanese are all fine citizens, I would ask the hon. member to explain this stand that was taken by all the provincial governments of Canada.

Mr. NOSEWORTHY: Would the Prime Minister make a brief statement on the question I raised this afternoon regarding Canada-Newfoundland relations.

Mr. MACKENZIE KING: Before I reply to my hon. friend I would not like the suggestion that was made by the hon. member for Rosetown-Biggar to pass without a word of acknowledgment. May I say that I believe the people of Canada realize that we have had no more gallant ally than we have had in the Chinese, that the sacrifices which the people of China have made in the past seven years have been an immense contribution to the security of this entire continent. Our people have not only come to know but greatly to admire, and, I will go further and say, to have a real affection for the Chinese people. Knowing that, when the government opened a legation in China we expressed to our minister the hope that when he reached Chungking he would explain to the government of China that there were certain difficulties in dealing with the problems which arose between us and the people of China on account of special circumstances in our own country. We asked him to explain the situation very fully and make it perfectly clear that the present administration hoped to be able to work out a solution which would remove any cause on their part to feel that they were being discriminated against as a race.

The Chinese people understand clearly that there is an economic problem of which we on this side have to take full account. Madame Chiang Kai-shek said in my hearing that the Chinese would not misunderstand an arrangement between China and Canada which would take account of the fact that we had certain economic standards which we must carefully preserve. But what she felt was that the Chinese people very much hoped and expected that they would be looked upon by Canadians as people who are entitled to be dealt with

as equals and not as inferiors. The inference was clear that she hoped some arrangement would be made to remove anything which would cause their people grounds for real offence. I would say that the government is carefully going into these different problems, and I hope that before very long some of the present restrictions, or whatever one may wish to call them, which have been imposed for economic reasons, may be removed, in a way that will take away what of offence there is in them and the economic problem satisfactorily met.

Mr. BLACKMORE: Would the Prime Minister indicate to us what disabilities Madame Chiang Kai-shek mentioned?

Mr. MACKENZIE KING: One she might have mentioned was exclusion, the nature of the exclusion laws, and I must say I think in that a mistake has been made. Perhaps I should not talk about mistakes being made, but I must say I can see no reason why the Chinese should not have been treated exactly as the Japanese were treated in the matter of the gentlemen's agreement with Japan restricting numbers. I think they were more entitled to an agreement of the kind—certainly in the light of what has happened since the war—than the Japanese were.

Mr. BLACKMORE: Did Madame Chiang Kai-shek give any hint as to the number of Chinese she felt Canada should accept within her boundaries?

Mr. MACKENZIE KING: I think Madame Chiang Kai-shek felt that there were many Chinese students who would like to attend our universities, just as Chinese students have been attending universities in the United States, and that there were others who might wish to come for special reasons; that an arrangement which would take cognizance of the fact that there were certain classes or individuals who might come to our country, and that we might send similar classes of our own to their country, would be all to the good of both countries. I believe it should be possible to work out a reciprocal arrangement betweeen Canada and China which would be helpful to both countries.

Mr. STIRLING: Can Chinese students not do that now?

Mr. MACKENZIE KING: I remember some years ago trying to make it possible to bring in a number of Chinese students and I encountered great difficulties in the matter.

Mr. BLACKMORE: What was the reason given—

The CHAIRMAN: The hon. member for New Westminster has the floor.

Mr. BLACKMORE: What was the reason given that they were not allowed to come in?

Mr. REID: Mr. Chairman, may I suggest to the Prime Minister that in any future policy dealing with the Chinese or the Japanese the problem be not left a British Columbia problem. Too long we have carried the load in this country. We were sneered at for years and years. This is an economic problem as well as a racial one, and in any future policy I would ask the Prime Minister to see that British Columbia is relieved of the burden she has carried for forty years.

Mr. BLACKMORE: Since we are on this Chinese question we may as well see if we can arrive at some sort of agreement in the matter. If the Chinese are to be admitted to this country to live, then the question immediately arises as to how many of them should be admitted. How would you determine the number? Although I have said nothing up to the present time in this house on the problem of the Chinese, yet I have given the matter considerable attention for a good many years. I should be pleased if the Prime Minister would give us some idea as to how far the first lady of China felt we should go in Canada. It is easy to see, if we opened the door to any extent at all, what might happen. China possesses almost four hundred million people. If we allow any considerable number to come to Canada, they would utterly overwhelm us so far as numbers are concerned. I should like to get some conception of the extent to which this lady would wish us to go in order that she might feel better about it.

Mr. MACKENZIE KING: May I say to my hon. friend that the members of this house will be well advised not to attempt to take up too many subjects that might be controversial at this particular time. However carefully hon. members may seek to express their views, there are bound to be certain expressions used which will be misconstrued in some quarters. My hon. friend has just now been referring to questions of millions in China as against small numbers here. That remark when it is read in China to-morrow will sound quite differently to many Chinese ears from what it does to those of us who know my hon. friend and know his heart and his inclinations. I think for that reason, among others, we would be well advised not to get into a general discussion or try to reach final agree-

ments or settlements at this particular time in a consideration of the estimates of the Department of External Affairs.

Mr. NOSEWORTHY: I wonder if the Prime Minister would care to answer the question I raised.

Mr. MACKENZIE KING: I will just say the same thing to my hon. friend. While I believe there is a time to consider the question of what is advisable and what may not be advisable with respect to having Newfoundland brought into confederation, this is not the particular moment at which it would be most advisable to discuss the question. As the hon. member knows, the government of Canada is most desirous of preserving the closest possible friendly relations with Newfoundland. We have given expression to our desire in the appointment of a high commissioner of the attainments which he himself has mentioned, in the person of Mr. Burchell. Mr. Burchell has given very careful study to the questions that arise between both the Newfoundland and Canadian governments, Newfoundland and the United States, Newfoundland and Great Britain, and I think he would be the first to say that any discussion with respect to the possible bringing in of Newfoundland to confederation ought to be initiated on the part of the people of Newfoundland rather than on the part of members of this house certainly at this particular time. I took note of what my hon. friend had said, and I prepared with a little care the following words that I thought it might be wise to use if occasion should so demand. I would say that Canadians like and admire the people of Newfoundland. They are attached to them by bonds of sentiment and by the memory of dangers shared and victories won together. They look forward to a continuation of the friendship and cooperation which have increasingly marked our relations during recent years. Canadians are interested in the defence of Newfoundland which is so vital a part of the defence of the continent and the hemisphere. They hope that the people of Newfoundland will find some wholly satisfactory solution of the political and economic problems which confront them. They will be happy if, in any way, they can contribute to the solution of these problems, many of which are common to both countries.

If the people of Newfoundland should ever decide that they wish to enter the Canadian federation and should make that decision clear beyond all possibility of misunderstanding, Canada would give most sympathetic consideration to the proposal.

[Mr. Mackenzie King.]

Mr. BLACKMORE: Mr. Chairman, I wish to say this to the Prime Minister with respect to what he said a minute ago regarding the Chinese. So far as the remarks being repeated in China and having an effect upon the Chinese feelings are concerned, I would say that the remarks of the hon. member for Rosetown-Biggar would be exactly of the kind that would greatly disturb these people. Why the Prime Minister should limit the discussion when I asked a question in an endeavour to arrive at some definite indication of what the first lady of China did request, I really cannot see. I do not know why the Prime Minister should object to that question, but if he does, then we shall pass it by. However, I should like to point out to the Prime Minister that I have sat in this house for seven years, and it is simply astounding to me how many problems are like the one the Prime Minister mentioned a moment ago. I know this is a question that is of vital concern to the country, and hon. members want to discuss it. When one tries to get something definite the Prime Minister finds some reason or another for deferring the discussion. For example, he said it was highly inflammatory to discuss sending materials to Japan, about which the Chinese now complain bitterly. If we discussed this matter before the Japanese entered the war or even before there was a war, we were told we might offend the Japanese and cause much trouble. Now, you see what happened. Instead of the house coming to some sort of definite conclusion, and the government telling the house frankly in private session, if needs be, we just let things drift. A similar thing has happened with respect to the Japanese. I am not making a pronouncement on the question of the Japanese at this time, nor do I propose to do so. But as I said on Friday, I have an idea as to how the matter should be taken care of. And it was partly because of that idea that I asked the Prime Minister a question about China.

We started many years ago to make representations with respect to the Japanese. Hon. members from British Columbia have been here to Ottawa, doing everything in their mortal power to arouse Ottawa—and with just a hundred per cent failure. The result is that the people of British Columbia have been suffering a serious injustice and have been led to feel in a way that no province in Canada should be forced to feel. And still the problem is unsolved. If we go on at our present rate, or the rate we have taken in the last twenty years, it will be unsolved

seven hundred years from to-day. Surely the time should come when we might discuss these matters to a conclusion, and get somewhere.

As I said, I am not going to urge this matter upon the Prime Minister. But I am telling him how I feel about deferring the discussion of a good many of these matters. I referred on Friday night to a problem facing us in Alberta, one which is rapidly growing worse. If it continues for another forty or fifty years, it will probably reach the point where it will be beyond solution. There may be bloodshed as a result of it. Yet we can get no help at all from Ottawa. Ottawa brought the people into the country, planted them on our doorstep, went away and said, "Now it is up to you." And every move we make to solve the problem Ottawa says, "No, no, you must not do that; naughty, naughty; spank your hands!" Well, if we think that is the way to run a country like Canada, then I say our opinions are open to some considerable revision. In a general way I believe I have delivered myself of my thoughts along that line.

I should like for a moment to revert to the remarks of the hon. member for Swift Current (Mr. Graham) in connection with this matter of the British empire. Friday and to-day we have heard much discussion regarding Canada's relationship with the British empire. Although I have listened with most attentive care, I have not been able to arrive at a clear conception of what hon. members have in mind. I thought the hon. member for St. Lawrence-St. George (Mr. Claxton) was trying to read a lecture to the hon. member for Vancouver South (Mr. Green) because of some remarks he had made in support of the British empire. When I examined with great care the remarks of the hon. member for Vancouver South and the hon. member for St. Lawrence-St. George, as reported in *Hansard,* I found it very difficult to find any difference between the two of them. The hon. member for St. Lawrence-St. George will not go far enough to say he wishes to cut this country right out of the empire. He arose much disturbed this afternoon because it had been suggested in the remarks of the hon. member for York-Sunbury (Mr. Hanson) that the hon. member for St. Lawrence-St. George was an isolationist. Well, where does he stand? And where do these men who believe as he believes stand? What do they want?

I would ask the Prime Minister two or three questions, to see whether he can enlighten us, or whether he will say that this is a problem which ought not to be discussed in war time. Is he prepared to accept the remarks of the Right Hon. Anthony Eden, as reported, that the British commonwealth of nations is a blueprint of the future organization of the nations of the world, or that it is a blueprint or a new order for the new organization of nations.

Before the Prime Minister answers, may I point out to him that there are a number of us who are at a loss to know what was in the minds of hon. members when they talked about supranational governments. I say the house ought to have clearly in mind just exactly what the government proposes. If needs be, it should be given us in a secret session. But, above all, surely members of parliament ought to know exactly what the government has in mind, and what it means when it uses a certain phrase.

I was much pleased when the Right Hon. Anthony Eden said that the British commonwealth of nations was a blueprint of the new organization of the nations of the world. Perhaps the Prime Minister will tell me whether I was misinformed regarding Mr. Eden's remarks, and whether he agrees with Mr. Eden in that regard.

Mr. MACKENZIE KING: I am not sure what Mr. Eden meant by a blueprint. He might have one thing in mind, and I might have another. However, I always have felt the British commonwealth of nations was certainly a pattern on which the world might well seek to organize itself. It would be a community of nations, all of which gained a measure of mutual security through belonging to one great entity such as the commonwealth of nations. If to-morrow Canada were to be out of the British commonwealth of nations, she would have to find some nations with which she would wish to be associated sufficiently closely to find security in that association. And I think in all probability she would return immediately to the group with which at the moment she is associated, because I doubt if there could be a better group. I should like to see that pattern extended. I think it would mean everything to the world if it could be so organized that all countries were free and independent, in a position to cooperate freely with each other, held together by a common bond of allegiance to a crown, representative of sovereignty, such as we give to our sovereign to-day.

The CHAIRMAN: Shall the item carry?

Mr. BLACKMORE: No, we are not finished yet. It is just as well not to put on pressure.

The CHAIRMAN: I believe the committee has reached the stage where we cannot much longer permit repetition. It is a fact that there is no rule precluding repetition in committee. However, I have in mind the discussion on the Japanese question, a matter which has been before us on four other occasions, and I would ask some hon. members not to repeat what they have said many times before.

Mr. BLACKMORE: Mr. Chairman, I believe I am not repeating what has already been said. I am merely seeking clarification. The reply of the Prime Minister, as nearly as I could judge from listening to him, would be exactly the concept most hon. members on this side of the house would have. I believe that would be exactly the concept of Social Crediters, and I am almost positive it would be the concept of the Progressive Conservative party. That being so, then why all the remarks of the hon. member for St. Lawrence-St. George who seemed to be endeavouring to indicate a trace of difference between his point of view and that of hon. members opposite? You see, the reply by the Prime Minister deprives the remarks of the hon. member for St. Lawrence-St. George of any sense. There is no question about that. I wonder if the hon. member for Swift Current will agree entirely with what the Prime Minister has said. And if he does, then how can he agree entirely with what the hon. member for St. Lawrence-St. George has said?

Mr. MARTIN: There was no difference.

Mr. BLACKMORE: If there is no difference between what was said by the Prime Minister and what was said by the hon. member for St. Lawrence-St. George, then evidently the hon. member for St. Lawrence-St. George was trying to make a distinction without a difference. I note that the hon. member for Swift Current shakes his head; evidently there is still some confusion in his mind.

I say that in discussing Canada's foreign policy this matter ought to be cleared up. If the hon. member for St. Lawrence-St. George, notwithstanding all that has been said, can see any difference between his point of view and that of the hon. member for Lethbridge, then I think he should explain so that the hon. member for Lethbridge can understand. I do not think I—

An hon. MEMBER: Carried.

Mr. BLACKMORE: No; it is not carried, and I can tell hon. members that calling out "carried" is not going to carry this item one minute sooner. In fact, it is likely to take a good deal longer. Let us have that perfectly clear.

[Mr. Blackmore.]

The CHAIRMAN: I would point out to the hon. member for Lethbridge that he has no right to use threats. I believe it is the wish of the committee that there should be no repetition and also that these items should go through as soon as possible.

Mr. BLACKMORE: There is no doubt that they would like to see the items passed, and so would I. But I want to have certain matters cleared up. Does the Prime Minister believe that to-day Canada has all the autonomy under the British empire that she should have? Is there room for her to increase her autonomy under the British empire?

Mr. MACKENZIE KING: I do not know what my hon. friend means by autonomy under the British empire.

Mr. BLACKMORE: Within the British empire.

Mr. MACKENZIE KING: Within the British empire I think Canada has just as much autonomy as has the United Kingdom. I believe we are masters of our own house in all particulars, with relation to both our domestic and external affairs. As compared one to the other, we are all equal in status and united by a common allegiance to the crown.

Mr. BLACKMORE: That is most enlightening, because I have gathered from the remarks of three or four members who have spoken that they can see that as a result of this war Canada is going to go forward to some fuller measure of nationhood than she had before. I have heard hon. members state outside the house—they have not said it inside the house—that the fact that Canada had declared war in her own right was a step forward in the development of the autonomy of Canada. In other words, before Canada declared war in 1939, Canada did not possess the autonomy that she would dream of possessing, or the autonomy which she will possess from now on. That, of course, takes the point from the Prime Minister's answer, and it will be seen why there is confusion in these matters. If I am wrong, I should be glad to be put right on the matter.

Item agreed to.

Representation abroad, $111,500.

Mr. GRAYDON: About three weeks ago I made an inquiry of the government based upon a report from Stockholm, Sweden, to the effect that some representation to Canada was in contemplation by the Swedish government. At the time the Prime Minister

answered that so far as Canada was concerned there had been no intimation officially between the two governments, and I was wondering if there had been any change in the situation since that time.

Mr. MACKENZIE KING: Since my hon. friend asked me that question the Swedish consul general at Montreal called upon me and intimated that the government of Sweden would like to appoint a mission to Canada and wished to know whether it would be agreeable to our country to have a Swedish legation opened here and whether we would reciprocate. I outlined to the Swedish consul general, as I have to the house, the difficulties we were confronted with in the matter of personnel required for legations abroad and that we had hoped before this year to have opened a legation in Mexico and in one or two other countries. I told him I could not give an assurance that a legation would be opened immediately in Sweden, but we would be prepared to receive a mission here on the understanding that later on we would reciprocate, but that we might find it desirable to have a charge d'affaires in charge of our legation in Sweden in the first instance rather than a minister.

Mr. GRAYDON: Are there any exchanges of diplomatic representatives under consideration in addition to those mentioned already by the Prime Minister?

Mr. MACKENZIE KING: In these matters that relate to the representation of different countries the practice more or less followed is not to disclose in advance the intentions of the government. Possibly I had better not attempt to say more than that we do expect in the course of time to open additional legations.

Mr. BLACKMORE: Can the minister tell us in a general way, with some detail, what are the duties of the legations for which we are paying under this vote? Choose any one at random and tell us what its duties are.

Mr. MACKENZIE KING: The report of the Department of External Affairs gives rather full particulars of the services which the different legations have rendered. Perhaps my hon. friend would allow me to refer him to that report. I think he will get full particulars there.

Mr. BLACKMORE: Does that mean that we cannot have the answer to this question appear in *Hansard?*

Mr. MACKENZIE KING: When the full particulars are in a government report, when I have given my hon. friend the information in a form that can be referred to, why should he wish to have it placed on *Hansard?* It is not going to alter the business of the legations in the least if the information with regard to them is given in a report rather than in *Hansard.*

Mr. BLACKMORE: Is it not the right of members when they are being asked to provide money to ask what the money is being spent for?

Mr. MACKENZIE KING: I have referred my hon. friend to a report which will give him the full particulars. I think I am quite within my rights, and indeed I am only helping to conserve the money of the country by referring my hon. friend to a report which will give him full particulars, instead of placing the report on *Hansard* as he suggests.

Mr. BLACKMORE: If every minister replied as the Prime Minister has done, by referring the questioner to reference books and reports, there would be an end of the examination of the minister in committee by members of parliament.

Mr. MACKENZIE KING: The report of the Secretary of State for External Affairs for the year ended December 31, 1942, was prepared in order that hon. members might be fully informed in advance of any discussion of the duties and responsibilities of the officials who are connected with the legations and of the services performed by the legations. I submit that my hon. friend is asking a question which in the circumstances is wholly unnecessary. He knows in a general way that the business of a legation is to carry on official dealings and relations with governments of other countries in connection with the questions that may arise or are of interest and concern between them. Where there is public business to be carried out, it is carried out by means of diplomats who serve as officials of legations. What the details of that business may be, I cannot begin to go into at the moment.

Mr. CHURCH: In view of the war being in its fourth year, I think this might well be an off year in the appointing of foreign representatives.

The CHAIRMAN: I would suggest to the hon. member for Broadview that this matter has been discussed several times already. I do not think the members of the committee are in a mood to have a repetition of discussion.

Mr. CHURCH: As I understand it, this item covers representation abroad, $111,500. I was going to suggest that in the interests of economy no appointments should be made

during this fiscal year. Several of these representatives have been appointed, and I have always been opposed to such appointments because they duplicate the work of our trade commissioners. They also duplicate the work of the British representatives in the different countries. These appointments cause divisions. I suggest that now we have gone pretty nearly far enough. I read to-day the speech of the hon. member for St. Lawrence-St. George. If this is the policy of the government, to appoint ambassadors over the seven seas, new representatives here, there, and everywhere, we might just as well get out of the British empire altogether. We have no representative in one fine country to which Mr. Churchill referred the other day, and which may be appropriately mentioned to-day. I refer to Ulster. Ulster has no direct representation in this country, nor we in hers, but we might well recall the great tribute paid a few days ago by the Prime Minister of Britain to that little country which is never mentioned here.

I suggest that in the interests of harmony in the British empire we suspend any more appointments of representatives abroad. There are one or two of them in Toronto. One of them, the representative of China, was most insulting to the city of Toronto. He went to New York, and from there to China, and allow me to say that if he causes as much division in China as he caused in Toronto he is no fit representative of this country. He has not the training. How are these ministers and others appointed? What is their background? Have they ever had any training in diplomacy? I doubt if our representative who went to China knows enough Chinese to walk into any office over there and carry on a conversation with the Chinese. We are just duplicating our representatives abroad, making believe that we are a separate state when we are not. We are part and parcel of the British empire. There is no point in multiplying our representatives abroad and indulging in all these forms of what I call separatism, particularly in time of war. It is bad enough in peace time, but even more disastrous in war time. I suggest that in this direction we take a holiday in the coming year. We have pretty well covered the seven seas already with our representatives, and I do not know any other place we can send them to at the present time. I sincerely hope that in the interests of economy there will be a cessation of appointments of ministers plenipotentiary and envoys extraordinary—and I can tell you a whole lot of them are extraordinary.

The CHAIRMAN: Carried?

[Mr. Church.]

Mr. MACKENZIE KING: There is "sundry services."

The CHAIRMAN: No; I included them.

Mr. GRAYDON: I do not want to delay this item, but as regards sundry services, following our usual custom on the war appropriation items, perhaps the Prime Minister would give us a break-down as to the services he is calling for here. No doubt he has a list.

Mr. MACKENZIE KING: I believe some provision is to be made for extra representation: I am informed that it includes also the cost of cable charges, teletype services to Washington, and matters of that kind.

Mr. GRAYDON: I would be satisfied if the Prime Minister at another sitting would place the information on *Hansard*. I do not want to delay the committee.

Item agreed to.

Progress reported.

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

Tuesday, July 13, 1943

The house met at eleven o'clock.

CANADIAN ARMY

MEDITERRANEAN OPERATIONS—PRESS REPORT AS TO DISPOSITION OF CANADIAN TROOPS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to direct a question to the Minister of National Defence. A Canadian Press dispatch, under London, England, dateline of July 11, carried the following paragraph:

> It once was thought that when the Canadians went into battle they would go as an army, but the term "army" has changed in meaning since the beginning of the North African campaign.

I should be glad if the Minister of National Defence would inform the house if the carrying out of these Mediterranean operations means that the Canadian army has been broken up, and that its units will now be fighting beside properly reinforced and equipped British and American troops who have had previous experience in other theatres of war.

Hon. J. L. RALSTON (Minister of National Defence): The Mediterranean operations do not mean that the Canadian army has been

broken up. I would refer the house to a statement which I made on May 13, 1943, as reported at page 2667 of *Hansard*. There I said:

. . . there seems to be an idea persisting in some quarters that the role of these units and formations in Canada's army is rigid. I wish to say that exactly the contrary is the case. The role of the units and formations in Canada's army is not rigid; their role is flexible. They can be taken apart on the principle of the sectional bookcase. It has always been and still is our policy that the Canadian army in whole or in part is available to be used wherever and for whatever task would best serve the common cause.

The Sicilian operations mean that this policy is being carried out by detailing from the Canadian army a Canadian force to serve in the Mediterranean theatre. The matter of future employment will of course depend upon developments.

SUPPLY

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

EXTERNAL AFFAIRS

36. Departmental administration, $252,525.

Mr. KNOWLES: I should like to ask the Prime Minister a question relating to the Norway refinery of Falconbridge Nickel Mines Limited. It is a matter which has been mentioned in the house on previous occasions; in fact the Prime Minister had something to say about it on June 3. For reasons which I shall indicate in a moment, I feel that a further statement is highly desirable.

This matter was first brought to the attention of the house by the hon. member for Rosetown-Biggar (Mr. Coldwell) on May 11. At that time he referred to a statement included in the report to the shareholders which was made by the president of the Falconbridge Nickel Mines Limited, Mr. J. Gordon Hardy. The Prime Minister is well aware of the statement, which was to the effect that he, the president of the company, was glad to get the information that the Norway refinery was still in existence; they had received the information that it was still in operation, though under German control. Some days later, on June 3, as reported in *Hansard*, page 3282, the Prime Minister made a statement in which he expressed a view which I think is the view of all of us in this house. He said:

We know that the German government is very short of nickel, and it cannot be doubted that it would be to the advantage of the united nations if the Falconbridge refinery in Norway were to be rendered wholly inoperative.

I repeat that with that statement we all agree. The point is however that the statement made by the president of this company was the very opposite of that which has been expressed by the Prime Minister. He stated in the report as president of the company:

Incidentally, you will be glad to learn—as I was—that through indirect channels it is reported that your Norway refinery is safe so far, and is being maintained. It is in operation by your Norwegian staff, under German control, on the same Norwegian nickel-copper ore production that we formerly handled on toll basis.

I do not wish to convey the impression that I think that Falconbridge Nickel Mines Limited are making any money out of the operations in Norway at the present time. The situation as I understand it, and my view is corroborated by the letter from Mr. Hardy to the Prime Minister under date of May 18, is that the company looks forward to the day, after the war, when it will be possible to regain some of the properties which have been lost because they were in countries that the nazis have overrun, and what the president was doing was to express his pleasure that, although Norway had been overrun, that plant had not been destroyed, it was still in existence; in other words, there was the possibility of the company getting possession of the plant again, intact, after the war. In the letter to which I have just referred under date of May 13 to the Prime Minister, Mr. Hardy endeavoured to say that if the context of the wording quoted by Mr. Coldwell were presented the situation would appear in a better light. However, in that letter Mr. Hardy says:

The loss of that refinery to the enemy in April, 1940, was a severe blow to this company, hence the possibility of regaining it when victory comes, has meant a great deal to this Canadian enterprise, and any news about the refinery has been most important to our shareholders.

I remind the Prime Minister again of the quotation from the report which I have already read. Perhaps a further sentence or two might be given:

In the balance sheet you will have noted an inventory item reading "Matte on hand and in process at cost". This includes the parallel item shown in your auditors' statement of assets and liabilities in Norway in—

I assume he means "in the amount of."

—$1,009,068—which has not been written off as yet, but simply covered by a claim posted with the Canadian custodian of enemy property. As a matter of fact, of course, this has undoubtedly gone into production of refined metals under enemy control, and has disappeared and hence will have to receive some sort of adjustment at the end of the war.

The point is that when your auditors give your "net working capital" at the end of 1942 as $6,238,598, the above item is included with "total current assets and metal inventories".

A reading of the context of the statement which was brought to the attention of this

house on May 11 only stresses the point that the president of the company took a view directly the opposite of that expressed by the Prime Minister. The Prime Minister said that it would be to the advantage of the united nations if this plant were rendered wholly inoperative; the president expressed pleasure that the plant was still in existence so that the company would be able to get it again when the war is over.

My reason for raising this again and expressing the view that the Prime Minister ought to say something further about it is this. On June 3, when the Prime Minister spoke, the hon. member for Rosetown-Biggar asked if the government would not take some further steps. The Prime Minister said in reply:

> Well, I may say that the statement which I have just made will, I believe, be more effective in its results than any other measure which the government could possibly take.

Some days later, as a matter of fact on June 23, sessional paper No. 405 was brought down in response to a motion made by the hon. member for Rosetown-Biggar which asked for correspondence between the Prime Minister and Mr. Hardy concerning this statement. The correspondence in the sessional paper consists of only two letters. One is a letter from Mr. Hardy to the Prime Minister, from which I have already quoted, and which endeavours to explain and to justify the statement, and the other is the reply signed by Mr. H. R. L. Henry, private secretary to the Prime Minister, in which he says:

> The Prime Minister has directed me to acknowledge your letter of May 13th, regarding remarks by Mr. M. J. Coldwell, M.P., in the House of Commons, with reference to Falconbridge Nickel Mines, Limited.
>
> Mr. King wishes me to thank you for drawing the enclosures with your letter to his attention.

The point is that, following the tabling of this document in the house on June 23, considerable publicity was given to it throughout the country. I saw it myself in a number of newspapers from widely separated parts of the country, and, incorrect though it may be, the impression was created by the publication of the news of these letters that Mr. Hardy had made a satisfactory answer both to the hon. member for Rosetown-Biggar and to the Prime Minister. It is true, of course, that this correspondence took place before the Prime Minister made his statement in the house, but it was tabled later, publicity was given to it later, and I repeat that the general impression is that Mr. Hardy has given a satisfactory answer to the criticisms made by the hon. member for Rosetown-Biggar and supported by the Prime Minister. I am sure that if the Prime Minister studies the documents he will agree with me that the answer is not satisfactory, that it should be deprecated in the manner in which he did so on June 3, and I hope he will make a further statement on the matter at this time.

Right Hon. W. L. MACKENZIE KING (Secretary of State for External Affairs): I fail to see how the impression which my hon. friend says has got abroad could possibly be the impression existing throughout the country. That is a matter of opinion. The statement I made in this house condemned—perhaps that is not too strong a word to use—the very shortsighted, unwise and, I might add, unpatriotic statement made by Mr. Hardy, and I am certain that the public have fully recognized that the government looks upon his statement in that light. The acknowledgement sent by my secretary to Mr. Hardy's letter was a perfunctory acknowledgement. It allowed Mr. Hardy to see quite clearly that the government might make further reference to the matter. This further reference I made in the House of Commons. I do submit that having stated here in the House of Commons, as Prime Minister, that a statement made by the head of a mining corporation in this country was unwise and foolish, and that by implication it was unpatriotic, was making it very clear to the country that the government had no sympathy whatever with the pronouncement and, on the contrary, condemned it very strongly.

Mr. KNOWLES: I would remind the Prime Minister that after he made his statement in the house these documents were made public, and, as I say, this sentence in particular was given wide publicity. It is a long sentence; I need not give the whole of it, because it is the last phrase that is important:

> . . . and certainly does not merit the slur contained in Mr. Coldwell's ill-conceived remarks.

Mr. MACKENZIE KING: Read the whole sentence.

Mr. KNOWLES: Very well. The sentence reads:

> I could add that, in spite of this setback, the Falconbridge effort to do all in its power to produce such essential metals as nickel and copper for the war requirements, is well known to your munitions and supply department, and certainly does not merit the slur contained in Mr. Coldwell's ill-conceived remarks.

My point is that this statement, together with the perfunctory acknowledgment by the Prime Minister's secretary, are the last words which have appeared in the press on this

matter to date. That was my reason for feeling that a further statement, condemning this statement outright, should be made by the Prime Minister.

Mr. MACKENZIE KING: Well, I will condemn it outright now. I think it should be condemned outright, and if my condemnation on a previous occasion was not sufficient I shall be glad to repeat everything now that I said on that other occasion.

Mr. CHURCH: Just before eleven o'clock last evening I was discussing the estimates of this department and had called attention to the fact that in this item, which has to do with representation abroad, including salaries of high commissioners and so on, there is an increase of $211,000. With all due respect, Mr. Chairman, I do not see why we should have such an increase. This department has been growing by leaps and bounds. If it contributed to the war effort it would be all right, but I do not see that it does. I should like to see the Prime Minister's estimates, more than those of anyone else, go through as quickly as possible, but the opposition is not to blame for a discussion of these estimates lasting more than a day. Speeches have been made by government supporters, on July 1, on Monday of last week and again even more recently, about matters which I have said should be left until after the war, including a national anthem, a national flag and many other matters. The Prime Minister is a busy man and should receive some special consideration in view of the amount of work he is doing, but all along I have objected to the expansion of this department, to the opening of these legations and the sending abroad of ministers. We have always had trade representatives in these countries as well as other agencies, such as boards of trade and private organizations, looking after this work. It all began with the opening of the legation at Washington, when I first came into this house. I opposed that innovation, because I believed it was dividing Britain's representation.

The hon. member for St. Lawrence-St. George stirred up a great deal of opposition to these estimates by the remarks he made in this house the other day. At that time he gave one good reason why he never should have become a parliamentary secretary; for his remarks have caused wide disunity not only in Canada but also in other parts of the empire. His words received extensive publicity all over the United States. He was one of those favoured on the radio. He was also favoured with a visit to the United States, where he told the people, as Mr. Brockington told them, that King George did not declare war for us but that we declared war for him, and all that sort of separatism in the midst of the greatest war in history. I have a great deal of respect for the Prime Minister; I have always had a great deal of respect and friendship for him, but friendship cannot alter my stand on principles which I have supported in and out of this house, before the war, in endeavouring to avoid the war, and since the war began. I represent in this house, as the former leader of this party, Lord Bennett, said, a very large body of public opinion in this country which believes in the need for the greatest possible cooperation and coordination with the mother country both for the remainder of the war and particularly after the war. If we are not linked with this great empire we shall have little say in regard to the peace terms and will be simply an outcast amongst the great powers of the world at the peace table.

Here we have almost a million dollars being spent in this way, and in addition we have the four or five million dollars we have spent on the League of Nations, one of the agencies that caused this war. So far as these ambassadors go, they have not had any training for this work; they are just civilians who know nothing about foreign affairs. Our representative in Australia, Mr. Davis, is a very fine gentleman, but he went there and said that Japan, not Germany, was our principal enemy. He caused a great deal of dissatisfaction by those words, even in those dominions, because Germany is our main enemy; she pulled Japan, one of our old allies, into the war at the time of Pearl Harbor. The few mistakes Germany has made, in attacking Russia and in bringing about Pearl Harbor, no doubt will cost her the war sooner or later, but I do object to these amateur statesmen, for that is all they are. You cannot learn to be a diplomat in a day. The best diplomats we ever had in Washington were not the newspaper men we sent there, not the civilians but trained men like Spring-Rice and Lindsay. Then we have another representative, General Odlum, a fine citizen and a fine soldier; he visited the city of Toronto and caused some disunity and criticism by the unnecessary aspersions and reflections he cast upon Toronto and Ontario, the empire province of the dominion.

I have wondered why no reference has been made to what was said the other day by Mr. Churchill in his letter to the former premier of northern Ireland, Mr. Andrews. Why has it been necessary to establish embassies in the north of Ireland and not in the south? It is said that southern Ireland is a part of the empire, but it has remained neutral and that step has been very costly to our shipping, our

sailors and so on. I think something might have been said yesterday about the glorious part played in the war by Ulster, because, since the war started, I have never heard one word, from the government or anyone else, about this great country and her prime minister, Mr. Andrews. A newspaper article states:

"But for the loyalty of Northern Ireland", the British Prime Minister stated, "we should have been confronted with slavery and death and the light which now shines so strongly throughout the world would have been quenched."

The full text of Mr. Churchill's letter is as follows:

My dear Mr. Andrews,—I am, indeed, sorry that the ties which have been so warmly established between us in our public work should have to be broken. After your long services to Northern Ireland as Minister of Labour, and as Minister of Finance, you became Prime Minister in December, 1940.

That was a dark and dangerous hour. We were alone, and had to face single-handed the full fury of the German attack raining down death and destruction on our cities, and still more deadly, seeking to strangle our life by cutting off the entry to our ports of the ships which brought us our food and the weapons we so sorely needed.

Only one great channel of entry remained open. That channel remained open because loyal Ulster gave us the full use of the Northern Irish ports and waters, and thus ensured the free working of the Clyde and the Mersey.

But for the loyalty of Northern Ireland and its devotion to what has now become the cause of thirty governments or nations, we should have been confronted with slavery and death, and the light which now shines so strongly throughout the world would have been quenched.

To you fell the honour of being at the head of the government of Northern Ireland not only during the supreme crisis, but throughout the two and a half years which have led us steadily forward to safety and final deliverance. I have always found you a faithful and helpful colleague and comrade, and a man who had no thought but to do his duty.

During your Premiership the bonds of affection between Great Britain and the people of Northern Ireland have been tempered by fire, and are now, I firmly believe, unbreakable. You carry with you in your retirement the regard and respect of all who have worked with you, including in a grateful spirit,

Yours, very sincerely,

Winston S. Churchill.

I say it is due these people that something should have been said in their favour. I strongly opposed the loss of these Eire ports, as did the gentleman who wrote this letter. If it had not been for the use of these ports we would have lost the last war. So much for that.

We continue to spend money on these legations, and yet Canada has never had any foreign policy. We never have had a foreign policy at any time, and we have none to-day. Just as was said last night by one of the members of the Social Credit party, we are voting this money without any explanation of what the foreign policy of this country will be in the next twelve months, or to the close of the war.

Something was said last night, and I referred to it the other day, about the condition after the war. Reference was made to Germany—poor old Germany. Some talk in the house about the great swindle of reparations in the treaty of Versailles. Well, the greatest swindle resulting from the treaty was that Germany paid in cash only £153,000,000, and yet she received loans of £1,500,000,000, which she promptly repudiated. Yes, she repudiated liabilities to that extent. Reckless loans for her rehabilitation and the blind eye on her rearmament were made, it is said, by Great Britain and France, but the United States did it too. These reckless loans to Germany for purposes of rehabilitation were turned into war making. The United States lent to hun war firms $22,000,000 to help rearm Germany, plus aid under their neutrality act, and the iniquity of it all, the myth of it all, was that we yielded to her aggression and allowed her to rearm.

These devotees of poor old Germany are still with us. They are in the old land, in the United States, and some are even here in Canada. I say we are going to have the same danger after this war as we had before. I referred to it the other day, and pointed out that it will be much greater after this war. We will have another war. Children yet unborn and those who are now infants will be called up fifteen or twenty years hence for another war.

References have been made in this debate to the United States. It would be far better for the people of Canada if they told the people of the United States the truth. They do not want us to throw all these bouquets at them. We are told by some on this side of the house that Canada is the interpreter of the United States to Great Britain. Well, as Kipling said, Great Britain does not need any interpreter; Kipling said that she knows all about the United States.

As I said the other day, it is most regrettable that in this war we have not a great poet like Kipling. We know Wordsworth said of Milton:

Milton! thou should'st be living at this hour:
England hath need of thee!

I paraphrase that, and say:

Kipling! thou should'st be living at this hour:
England hath need of thee!

He would say to the world and America what the real facts are. I have great admiration and

respect for our allies. I read the *Congressional Record* and also the record of United States Senate proceedings, and I am driven to the conclusion that the United States speaks with two voices. She has never had any foreign policy. Until she was attacked at Pearl Harbor, what was her policy? Her policy was, as her great President has said, not to get into the war unless she was attacked. We know that their President has done a great deal for the world and for civilization, but he said that in the first two years of the war the policy of the United States was to stay out unless they were attacked. If we look back to George Washington and Andrew Jackson we find a similar foreign policy. The United States came into the war because she was attacked, just like Russia. But Great Britain was not attacked. She entered the war to honour her word on a pledge to Poland. She is the good Samaritan of the nations. So I say in dealing with our great allies we ought not to be afraid to tell them the truth. Our great ally will have more respect for us if we tell them what we think.

The views expressed by the hon. member for St. Lawrence-St. George do not commend themselves to the vast majority of the people of Canada. I believe that when the soldiers come home they will not want any such policy of isolation or separatism for the empire, because, after all is said and done, it was a great French soldier who said after the last war that Great Britain was the hardest coutnry in the world with which to make a treaty. Why was that? He pointed out that they could not deal with Great Britain as a unit, but that they had to deal with fifteen or twenty sub-dominions and colonies. He said they could never deal with her separately. And I believe that will be more apparent in the future than it has been in the past.

Under its constitution the United States always speaks with two voices. One is the congressional voice, consisting of the voices of congress and the senate. The other is the voice of the President, who has vast powers in war. From what I read, and I read extensively about the United States—I live beside that great nation, and have the greatest admiration and respect for her—I believe that after the war the United States will sooner or later become isolationist. The records show that.

We hear talk about collective security. I say there is no such thing as collective security. The only collective security was the British fleet, and the United States found that out. America had to depend on others for her defence. She depended first of all upon the French Maginot line. That fell. And then at Dunkirk, she saw herself facing invasion, with the possible loss of the British fleet and a loss of freedom on the seas, not only on the Atlantic but on the Pacific. What was the result? Her newspapers and her public men thought Britain was done and made their plea to the British empire not to surrender the fleet, or to give over that portion of it which was left. What did we do? Britain went to work without a dissenting voice and agreed to give up bases in Newfoundland and British Guiana for ninety-nine years and Canada never protested or took any part in it. The twenty years between the two great wars were the most disastrous in the history of the world; so much so that when this war came it nearly destroyed civilization. We nearly lost it, we nearly saw the end of freedom of religion and liberty. What was Canada doing during that period? The present government was in office, or a large part of it, and another government was in power for four or five years. What was the result? If you look over *Hansard* you will see why there has been a second war. This cannot be blamed on any one party. Canada had no policy when the various imperial conferences were held. What did we say? We said that we had no commitments, that parliament would decide. For the most part at these conferences we sided not with New Zealand and Australia, but with southern Ireland and South Africa, the separatists. I do not blame the Prime Minister for all this; he was leading just the one party.

None of these people knew anything about collective security. They all wanted to get rid of their armies and navies and air forces. I am not criticizing the policies of all the parties in trying to achieve the impossible, any more than I am criticizing the isolationist policy enunciated by the hon. member for St. Lawrence-St. George. I have known him for a long time; he is an estimable younger member of the house. I understand that he works hard and I do not believe that anything I say will interfere with our friendship. But I ask him to reconsider the effect of such an announcement on isolation and separatism upon our allies and upon the peace terms; I ask him to reconsider its effect upon New Zealand and Australia and the empire. The dominion should stand first, last and at all times for the mother country. Britain cannot get on without her empire. In 1941 after the fall of Singapore I urged upon the government that there should be proper consultation and cooperation in a war cabinet set up under an empire scheme. What was the result? After the fall of Singapore, New Zealand and Australia were faced with immediate invasion.

I read the address of Sir Keith Murdock delivered in London, England, when he asked for the creation of a war time cabinet, such as we had in the last war. It would not be necessary for the Prime Minister to go to London because someone else could fulfil his functions. But nothing was done and the result is that now on foreign affairs we are just moving from week to week and from month to month nowhere.

What Canada did in the last war was done voluntarily. For the last forty years we have helped the mother country when she was attacked, and we will do the same thing to-morrow and go to her help in her hour of peril. We will continue to do what we have always done as a unit in this empire. After all is said and done, we had a previous suggestion which was similar to that made by the hon. member for St. Lawrence-St. George. On March 31, 1939, a bill was introduced by the Hon. Mr. Thorson which declared to the world that if war came Canada would be neutral; she would have the status of a belligerent. This relying on status is just a pipe dream. We threw away our defences and our friends and the result was that when the war broke out we had to depend upon the mother country as in 1812 for all our defence. If it were not for Mr. Chamberlain and Munich and Dunkirk, long ago Washington and Ottawa would have had to make peace with the axis powers. When this bill was before the house on March 31, 1939, I expressed the same sentiments that I am expressing now. This bill sought to establish the status of Canada in war time. At that time I said:

> The hon. member is evidently opposed to the former leader of the Liberal party, Sir Wilfrid Laurier, who said that when Britain is at war, Canada is at war. Let me say to my hon. friend that Canada is not going to be talked out of the British empire. If Canada could have been talked out of the British empire, it would have been talked out long ago by some of those who came to Canada a few years ago and are enjoying all the privileges and rights and liberties of this country, but who refuse to pay tribute to the mother of nations who gave us these liberties and the freedom and civilization we all enjoy. Everything we enjoy in this dominion to-day we owe to the protection of the British flag and the United Kingdom.

That bill did not pass and it did not come up again that session because within three months war was upon us. I agree with much of what my former leader, the hon. member for York-Sunbury (Mr. Hanson), said yesterday about the duty of cooperation and coordination with the mother country until the end of the war and after. Any other remarks I may have to make on this matter I shall make at another time. This talk of our being a separate unit and all that kind of thing is just a repetition of what has been said before. The other day we heard Mr. Benes say that he wanted to get back after the war to his own country, Czechoslovakia. There will always be nations; patriotism is the cement that binds nations together. The downtrodden countries will be rebuilt. There is no use looking to somebody else to establish economic units in Europe, because they will never come. As a great author said long before the war, this country does not belong to those who inhabit it to-day; it is an inheritance from the past; it is a possession for the present, a trust for the future. Do not forget that we are only here to-day and away to-morrow. I believe in the British empire, past, present and future, and in the colonial empire and all that it stands for down the ages. One of the most glorious things in the history of the empire is the way the colonial empire policy has been administered, and there will be a further glory after the war in the days that are to come in the new empire.

In my opinion some of the dominions before the war were nothing but a drag on the mother country. Canadians all shouting "status" from the housetops and isolation and separatism and all that sort of thing. The people of this country do not believe in any such policy as that. The policy before the war, in 1936, 1937, 1938, and 1939 was special pleading, no overseas troops, no commitments, and so on. It would be far better if the people of Quebec knew the facts about these obligations that are being assumed by these proposed changes in the British North America Act. That is wrapped up with external affairs and the right to change our constitution from time to time. We are supposed to have separate status, which is wrapped up with the statute of Westminster. They say that they want another anthem and a flag, but the winning of the war should be the primary consideration to-day, not the secondary consideration of such matters.

This is the second time we have sent troops across the seas. This is the second time we have asked for a change in the British North America Act. We are the only dominion that has asked for a domestic change during the war. I want to draw just one other point to the attention of the Prime Minister. This is in connection with the lease-lend act and the state of affairs that will follow when we become linked up with that. It will be remembered that when the United States came into the war they loaned one hundred General Grant tanks to the British eighth army. I should like to quote what Mr. Denys Smith had to say about this. He said:

A hundred or so General Grant tanks sent to the British eighth army to aid in the defeat of Rommel were obviously welcome. A hundred or so tanks and also tank crews to man them would have obviously been even more welcome. But the lesser contribution becomes lease-lend aid and a charge against Britain, while the greater contribution would not. The Lease-Lend Act, in brief, has saddled the United Nations with an illogical principle which means that a certain type of the United States military effort is segregated and assumed to be the financial responsibility of others.

It goes on to say:

Nobody can tell what type of American Congress and administration will exist after the war or how it will employ the pressure weapon provided by lease-lend accounting. A great deal has been said about reciprocal lease-lend. It is undoubtedly useful to keep the American public aware of the fact that every nation provides its allies with aid without immediate cash compensation. But the material aid provided to the United States is never likely to be as great as that which the United States provides. It is time more attention was paid to the fundamental fallacy underlying lease-lend accounting or there may be a danger after the war of the world once again being saddled by a stifling blanket of inter-governmental debt.

It goes on to say, referring to Mr. Churchill's remark that he had not become the king's first minister to preside over the liquidation of the British empire.

What a terrible remark to make, these two groups complained. It would have been perfectly all right for the British prime minister to announce that the United Kingdom was fighting to prevent the liquidation of anybody else's territory, but to try and prevent the liquidation of British territory was the acme of selfishness.

I believe that the great masses of the American people have been right with us from the start of this war and before. But we must not forget that the United States is a cosmopolitan country. As the Manchester *Guardian* said before the war started the United States has quite a large population from Europe, Chicago being the second largest German city in the world. We rejoice in having this great country as our ally.

I appreciate what the Prime Minister has done. I have a great respect for him. He is a man of affairs and has worked hard on our external policy. I do not wish him to take anything that I have said this morning as spoken in a critical but constructive spirit. I am simply pointing out certain dangers to him. One of the members on the government side made a speech which I did not think was in the interest of inter-imperial relations but would tend rather to cause wide divisions among the dominions, and would not make for the good conduct of the war. I have taken a great deal of interest in foreign affairs for a number of years, and I want to say that the Prime Minister has been consistent from the start on his status policy, while I have opposed it. We never wanted this war and it was not the Prime Minister's fault alone that it came.

Mr. FRASER (Peterborough West): Can the Prime Minister tell us what the wartime information board is doing with regard to South America? I understand they are sending a Mr. Ross down there next month.

Mr. MACKENZIE KING: There is an item under the war appropriation bill that relates to the wartime information board. When we reach that item I intend to make a full statement on the board and its work. Perhaps my hon. friend would not mind deferring his question until then.

Mr. FRASER (Peterborough West): I thought we were on that right now.

Mr. MACKENZIE KING: No.

Item agreed to.

37. Representation abroad—including salaries of high commissioners, ministers plenipotentiary, consuls, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $988,990.

Mr. GREEN: Will the Prime Minister tell us whether there are any negotiations under way for the setting up after the war of an air route from Canada to Australia and New Zealand similar to the air route across the Atlantic in which Canada, Newfoundland, Eire, and Great Britain are to be partners? It is of great importance to those of us who live on the Pacific slope that there should be air connection with Australia and New Zealand and it would be of great interest to know whether any steps have been taken leading to the setting up of such a route, and if not has the government such negotiations in mind?

Mr. MACKENZIE KING: The whole question of air routes after the war is one of the most important and at the same time one of the largest questions which not only this government but all the governments have to face. For some time past there has been consideration of matters related to the question of aviation in its different aspects, but I would not wish to describe what has taken place thus far as being in the nature of negotiations. The stage of negotiations has not been reached, but the whole subject is being considered very carefully so that when the time does come to discuss these matters in a final way the government will be fully informed and prepared to make its own decision in respect thereto.

Mr. GREEN: Is the government giving consideration to a trans-Pacific route as well as a trans-Atlantic route?

Mr. MACKENZIE KING: I think I might say that all possible routes are being considered and their possibilities explored.

Mr. DIEFENBAKER: I do not think the Prime Minister answered a question I asked the other day in connection with post-war aviation, with particular reference to the convening of a conference that was reported in the press in a dispatch from Washington, dated July 8, reading in part as follows:

> Discussions among British commonwealth countries on the broad subject of post-war aviation are being proposed by the British government, it was reported here to-day.
>
> The meeting, likely to be held in London, will precede any aviation conference among the united nations.

Is the Prime Minister in a position to advise whether negotiations are at present going on with the British government for the convening of that conference?

Mr. MACKENZIE KING: My hon. friend has heard of fishing expeditions. There are members of the press in all countries who are anxious to find out what is going on in other countries. I regard the press report to which reference has been made, as I said in the house the other day, as flying a kite with a view to drawing information from this administration that might be used elsewhere for purposes that might serve certain ends but perhaps not all the ends that we would wish to see served. I prefer to say nothing at this time in reply to the question my hon. friend has asked, but he may be sure that with respect to all of these most important post-war questions careful consideration is being given to the proper steps to be taken as between the different governments concerned.

Mr. GRAYDON: The Prime Minister has covered a wide range in discussing the objectives behind these inquiries in connection with international air routes. When I raised the question he spoke of it as a trial balloon; now it is a fishing expedition, and at another time flying a kite. That covers quite a range.

Mr. MACKENZIE KING: I am saying that it is the press correspondents who are flying the kites and balloons and fishing.

Mr. GRAYDON: Oh, quite.

Item agreed to.

39. Expenses in connection with the negotiation of treaties, $5,000.

[Mr. Mackenzie King.]

Mr. GRAYDON: I suppose this sum is to cover travelling expenses and so forth in connection with the various negotiations.

Mr. MACKENZIE KING: Incidental expenses in connection with negotiations.

Item agreed to.

41. Grant to the International Red Cross Committee, $25,000.

Mr. GRAYDON: Will the Prime Minister explain what he means by the International red cross committee? Is that a special organization outside the Red Cross Society?

Mr. MACKENZIE KING: That is the committee at Geneva, the work of which on Canada's behalf has been very much increased. In the supplementary estimates we intend to ask for a sum of $15,000 in addition to what is requested here. The committee has been giving a great deal of time and attention to matters relating to the needs of our prisoners of war in internment camps in Europe and Asia.

Mr. GRAYDON: A good deal of work has been done and excellent service rendered by some body—perhaps this committee, though I am not sure—in the forwarding and transferring of parcels to prisoners of war in various parts of enemy-occupied countries. I rather fancy this committee handles that work, but I am only supposing so.

Mr. MACKENZIE KING: The International Red Cross is supported by contributions from governments and national Red Cross societies. As the central committee at Geneva has received generous grants from the Swiss government and the Swiss public, little if any of the funds contributed by the belligerent countries is required to support the central organization, and therefore the greater part is spent by the committee in their work on behalf of prisoners of war and interned civilians. Delegates who visit prisoner and internment camps regularly are maintained by the committee in all belligerent countries. These delegates make reports on camp conditions which are duly transmitted by the international committee to the interested governments. They also do a great deal to provide comforts and means of recreation for prisoners of war. The amount of work which the international committee is doing on behalf of Canadian prisoners of war and internees in enemy hands is steadily increasing as the number of Canadian prisoners of war in enemy hands increases. With the outbreak of war in the far east a further responsibility has been placed on the International Red Cross. Three new delegates have been named in

Japan, Shanghai and Hong Kong, and reports have been and are now being received from them.

Mr. GRAYDON: Are the relationships with Japan, so far as the International Red Cross is concerned, working out favourably now, and has there been a change for the better in connection with the operations of the prisoners of war situation in that country?

Mr. MACKENZIE KING: They are somewhat better, but still far from satisfactory.

Mr. CHURCH: I would ask the Prime Minister to table a copy of the American Red Cross report for 1939 with respect to China. I ask that question for the information of the house. Secondly, has the Prime Minister further information with regard to the continued shackling of Canadian prisoners through the International Red Cross?

Mr. MACKENZIE KING: I shall have to look into the report first and refresh my memory on its contents before deciding whether it should be tabled.

Mr. GRAYDON: Does the Japanese government allow representatives of the International Red Cross committee to make investigations and visit prisoners of war in that country as a normal part of their procedure?

Mr. MACKENZIE KING: Yes.

Mr. STIRLING: Can the Prime Minister give us any information, either from Red Cross sources or from any other, as to the position of the Canadian civilian in Japan? Is he allowed his liberty, is he interned, is he working? The reason I ask the question is that I should like to be in a position to make a comparison between the way in which the Canadian is treated in Japan and the way in which the Japanese are treated in Canada.

Mr. MACKENZIE KING: The question is a wide one. I am not in a position to give information at the moment, but at some subsequent time perhaps I shall be able to do so.

Mr. GREEN: Last night the Prime Minister said he would try to get the figures on the number of Japanese in Canada who have asked to be repatriated. Can he give those figures to-day?

Mr. MACKENZIE KING: I will try to have all particulars asked for last night given to the committee this afternoon when we come again to the war appropriation bill. They were asked in that connection and I was holding the information until that time. The total number of Canadians in the far east at present is approximately 1,000.

Mr. STIRLING: Civilians?

Mr. MACKENZIE KING: Yes. In Europe, 1,120. Of internees, there are in the far east 163 and in Europe 300.

Item agreed to.

Canada's contributions to maintenance of external organizations.

43. Expenses of the League of Nations for 1943, including secretariat, international labour organization and permanent court of international justice, $125,700.

Mr. CHURCH: I have already expressed my opinion on the League of Nations, but I do not see why there is any reason for the league's useless existence at all at the present time. It is fulfilling no useful function. Secondly, with regard to the permanent international court of justice, I suggest that Russia is not going to wait for the establishment of any court of justice out here in America, which is thousands of miles away from the scenes of slaughter. A million Polish Jews have been taken to the abattoir in Poland and other places, and Russia will deal with the situation on the spot and execute those responsible before any court of justice can sit. As regards the other feature of this whole question, we are still expending money on the League of Nations, and all I can say is that I do not believe in it and never did. I do not believe in this form of collective security. We can see similar ideals of other great empires in the past propounded in the days of such writers as Gibbon and later Bryce, and for my part I have no confidence in them, because I am firmly convinced that nothing will ensure our safety in the future so much as the British navy and British arms. So long as Britain is armed you may be sure that we shall have collective security, and that security is immeasurably strengthened by the fleet. After all, the Monroe doctrine was just the British fleet for a hundred years. It is but an ideal.

Mr. REID: Are the members of the league meeting just now and what members are meeting? Where are they meeting and why the increase this year?

Mr. MACKENZIE KING: The vote for 1943-44 for the Canadian contribution to the League of Nations is $125,700 compared with $97,500 in 1942-43 and $120,330 in 1941-42. Although there has been some increase in the vote, it is much lower than Canada's contribution in the years before the war. The chief reason for the increase this year is that effect has been given to a recom-

mendation of the international labour conference held in New York in 1941, that a special grant of 1,000,000 Swiss francs should be provided for the international labour office for the study of post-war reconstruction.

The international labour office has been proceeding with its programme of study in accordance with this recommendation and the amounts necessary to cover the work done in 1942 and to be achieved this year are both included in the league budget for 1943. Another reason for the current increase has been that certain states under axis control gave, over two years ago, notice of their retirement, and this notice has now become effective, thus reducing the potential contributors to the support of the league institutions. The league is financed by assessing against each member state a certain number of units of contribution based roughly on each state's capacity to pay. Canada has for many years been assessed 35 units. Most of the satellite European states under axis control have ceased to be members of the league and the contributions assessed against the allied European governments whose territories have been overrun by the enemy have been reduced to token figures. Hence the total number of units of contribution has been sharply reduced and the member states in the British commonwealth, Latin America and elsewhere whose territories have not been overrun by the enemy bear a higher proportion of the total budget.

My hon. friend is aware that the international labour office is at present located in Montreal and is carrying on its business there, and has had various meetings. The league assembly and the council are not in being at this time.

Item agreed to.

44. Portion of expenditure of the imperial economic committee, $1,575.

Mr. GRAYDON: What are the total expenses connected with the imperial economic committee, and who share the balance of the expenses which are incurred? I see that our portion is $1,575. Perhaps the Prime Minister would give the committee some further details as to what the committee exercises its jurisdiction over.

Mr. MACKENZIE KING: The governments of the empire accepted the recommendation of the imperial committee on economic consultation and cooperation that the dominions should share the financial responsibilities for the joint services to be carried on, instead of leaving them to be borne wholly by the United Kingdom.

[Mr. Mackenzie King.]

The cost of the imperial economic committee is from a fund to which the participating governments contribute on the scale recommended by the imperial committee on economic consultation and cooperation, 1933. This fund, since 1st October, 1933, has been £20,200 a year. The imperial economic committee, in the financial statement and forecast for the period 1st April, 1938, to 31st March, 1943, foresee that the work at present in view would make it desirable to increase the fund to £22,000 a year.

Imperial Economic committee, £22,000; Canada's share on scale recommended would be £3,520.

In 1940-41 we were asked to provide fifty per cent of our normal requirements and to make contributions as it was found necessary. In 1941-42 we reduced the amount to twenty-five per cent of normal requirements and were only asked to provide ten per cent. For 1942-43 we have been informed that United Kingdom and commonwealth members of the imperial economic committee are providing ten per cent of the original contribution, which in Canada's case is £352. For 1943-44 we have been informed that United Kingdom and commonwealth members of the imperial economic committee are providing ten per cent of original contribution, which in Canada's case is £352.

Mr. BLACKMORE: To what kind of work does this committee devote its attention?

Mr. MACKENZIE KING: At the moment the committee is existing more or less in a skeleton form. In ordinary times its work consists in sharing as between the different parts of the British empire information on important economic matters of mutual interest and concern.

Mr. BLACKMORE: While I realize the Prime Minister must answer in general terms, the members of the committee have no possible way of determining what kind of work this committee is doing. Are they, for example, endeavouring to learn how the nations of the empire can trade to better advantage, how they can overcome adverse trade balances, how they can repay international debts —all that sort of thing—or are they devoting their time to finding out where they can be producing sugar, wool or other products? I should like to know what this committee is, what it has done for us, and whether we are justified in supporting it.

Mr. MACKENZIE KING: Here again may I say to my hon. friend that, where reports are in existence, which contain detailed

information, it is reasonable to expect that hon. members will consult the reports. The reports of this committee have been tabled, they are in the library, they give the details. In general terms, the work is largely statistical, the gathering of statistical information which will be of service to different parts of the empire on economic questions. I cannot tell my hon. friend from memory what particular statistics are being or have been gathered. But it is one of those organizations which is a helpful reference organization on matters of economic importance and interest to all parts of the British commonwealth.

Item agreed to.

45. Portion of expenses of international wheat council, $2,775.

Mr. MARSHALL: This is an entirely new item. Is there any relationship between the former committee, which was the wheat advisory committee, and this international wheat council, and would the Prime Minister tell us the names of the members of the council and give us any other information he may have?

Mr. MACKENZIE KING: My hon. friend is correct in assuming that this council supersedes the old advisory committee. The countries represented are Canada, Australia, Argentina, the United States and the United Kingdom.

Mr. MARSHALL: This is not an advisory committee to the wheat board? It has no connection with it whatever?

Mr. MACKENZIE KING: No. It has been set up under the wheat agreement. It is not a local body.

Mr. BLACKMORE: Am I correct in assuming that the object of this committee is to limit production of Canadian wheat? I understand that the object of the international wheat agreement was to limit production.

Mr. MACKENZIE KING: No; I think my hon. friend is wrong in saying that such was the object of the agreement.

Mr. BLACKMORE: I am merely suggesting it; I did not say so.

Item agreed to.

Mr. MARSHALL: There is an item just below that in the next column, "Appropriation not required for 1943-44, $1,955." What does that cover?

The CHAIRMAN: Hon. members will please turn to page 30, item 247, Prime Minister's office.

Mr. GRAYDON: Just a moment, Mr. Chairman. We have not finished the other items on page 8, have we?

Mr. MACKENZIE KING: The remaining items are statutory appropriations.

Mr. MARSHALL: I did not catch what the Prime Minister said.

Mr. MACKENZIE KING: I am sorry; I thought my hon. friend had concluded what he had to say.

Mr. MARSHALL: The question I asked the Prime Minister was, on page 8 of the estimates there appears in italics the words, "Appropriation not required for 1943-44, $1,955." What does that refer to?

Mr. MACKENZIE KING: That was for the old wheat advisory committee. This council, as I have said, supersedes that committee; we are requesting a vote for the council and dropping the vote for the advisory committee.

Mr. QUELCH: Has the wheat council a central office at some point?

Mr. MACKENZIE KING: Its headquarters are in Washington.

Mr. BLACKMORE: Does the dominion government look upon the recommendations of this wheat council as binding? Is there anything in the working of this council that at all resembles the pernicious thing that was done in 1937, when Canada agreed not to produce more beet sugar, for example?

Mr. MACKENZIE KING: The body is purely advisory, and all the agreements have been tabled.

The ACTING CHAIRMAN: (Mr. Golding): If hon. members will turn to page 30—

Mr. GRAYDON: Before we do that, Mr. Chairman, there is a point I think perhaps should be raised here in connection with two items which, as the Prime Minister quite properly pointed out, are statutory and cannot be reduced by a vote in committee. Nevertheless I think they must be passed by the committee in order that the amounts provided may be made actually available.

Mr. MACKENZIE KING: No. Parliament has already appropriated the money by statute.

Mr. GRAYDON: Surely that does not prevent a discussion of the items, since they are in the estimates. I think on previous occasions we have always taken the position that even though some statutory provision was made for a certain sum of money to be paid, as long as it actually appeared in the estimates for the current year we were not precluded from discussing such items.

Mr. MACKENZIE KING: I have no desire to preclude any discussion, but I thought my hon. friends' objection was raised to the chairman calling another item. There are no further items to be called under the heading of external affairs, because in connection with the statutory items the necessary supply has already been appropriated by parliament.

Mr. GRAYDON: If that is the case why do they appear in the estimates at all?

Mr. MACKENZIE KING: They help to give the house a picture of the total expenditures, some of which represent appropriations made year by year, while others are appropriations by statute covering once and for all a period of years.

Mr. HARRIS (Danforth): What the Prime Minister says is quite true in all respects, except that he knows it has been the practice in other years to call these items.

Mr. MACKENZIE KING: I think my hon. friend is quite wrong in making that statement. They are not called, because the money has already been appropriated. However, the leader of the opposition is quite right in saying that if there is any matter pertaining to external affairs it should be open to the committee to question the government with respect to it at some time in a consideration of the estimates.

Mr. GRAYDON: I have one or two questions I should like to ask on this general item, if I may, in connection with the annuity payable to Hon. Philippe Roy. Could the Prime Minister tell me when the legislation was passed providing for this annuity, how long it has been paid, and how long it will be paid in future according to the legislation?

Mr. MACKENZIE KING: The appropriation was made in 1938, when the Hon. Philippe Roy retired from the post of minister to France. The annuity has been paid since that time. How long it will continue to be paid will depend upon how long Mr. Roy continues to live, which I hope may be for many years.

Mr. GRAYDON: In other words, it was made payable during his lifetime?

Mr. MACKENZIE KING: Yes.

Mr. GRAYDON: Is that the general practice in connection with those who retire from the diplomatic service?

Mr. MACKENZIE KING: In Mr. Roy's case there were exceptional reasons. Mr. Roy had been appointed years ago as commissioner-general to France, before Canada had any legations. When the legation at Paris was opened Mr. Roy was made the first minister. At the time this annuity was granted to Mr. Roy his long and quite exceptional service to Canada, as our representative in France, was taken into consideration by parliament, and it was thought appropriate to accord that recognition to one who had given so many years of distinguished service. I might say to my hon. friend that the whole question of what in our diplomatic service should be granted in the way of allowances or annuities or pensions on retirement is a very large problem which up to the present we have not faced squarely. At different times the department has tried to work out a scheme that would cover the entire diplomatic service and have it placed on a basis similar to that which exists in Britain with respect to pensions and retiring allowances. One circumstance after another has prevented us from getting ahead with that particular plan. For the last four years, of course, the war has accounted for the fact that we have not brought forward any scheme of pensions to such members of the public service on retirement.

Mr. GRAYDON: Was Mr. Roy in the public service for some considerable time prior to accepting his original commission in France?

Mr. MACKENZIE KING: For some years Mr. Roy was a senator in this parliament. His original appointment as commissioner-general to France was made as long ago as 1911. From 1911 to 1928, I think it was, he was commissioner; and from 1928—

Mr. GRAYDON: Was he still a senator while he was commissioner?

Mr. MACKENZIE KING: Oh, no; he resigned from the senate at the time of his appointment.

Mr. GRAYDON: Has the Prime Minister any details as to his salary as commissioner to France?

Mr. MACKENZIE KING: I do not recall what his salary was as commissioner, but as minister his salary was $12,000.

Mr. GRAYDON: And how long was he minister to France before he retired and accepted this annuity?

Mr. MACKENZIE KING: As I was about to say, he was minister for ten years. Before that he was commissioner for a number of years, going back to 1911.

Mr. GRAYDON: I think perhaps I am in a particularly good position to discuss this

item in an entirely detached way, because I approach it without any knowledge at all of what lies back of it. It is a straight question of principle, in view of the many calls upon the public treasury. I have a full realization of what the Prime Minister has said, that this constitutes a difficult problem for the government; nevertheless I do not not think the item should be passed just as a matter of course without drawing to the attention of the government and of the public generally the suggestion that we cannot be too careful about safeguarding the position in regard to payments of this kind. There are many people to-day who come to the late years of their lives, having perhaps rendered great service to the nation, who still are not safeguarded and protected by statute or by appropriations such as this. I do not want my remarks to be taken as any reflection upon the personality involved in this instance, because I know of no reason why I should place my remarks on that basis, but I believe the Prime Minister and the government will readily recognize the feeling that exists throughout the country with respect to many of these annuities and pensions to men who have given certain service to the country. In cases where low salaries have been paid, where men have worked for the government for many years at such salaries, one can realize that such men would not be able to put very much aside for a rainy day. In previous years, before I became leader of the opposition, I have drawn other instances to the attention of the government to show the possibility of grave misunderstanding and to indicate that there does not exist any equality of treatment in this regard. Perhaps you cannot attempt to establish any real measure of equality right across the country in connection with these matters. Nevertheless it is apt to be misunderstood, regardless of the position of the person affected. I believe the Prime Minister will understand any observations I make with respect to the Hon. Philippe Roy, and that I certainly would not wish to do him any injustice in anything I say. I would point out however that the government must exercise great caution in a matter of this kind, and I raise the matter only as one of principle.

Mr. MACKENZIE KING: I agree entirely with my hon. friend as to the desirability of safeguarding a principle. But I would point out that the many considerations which prompted the granting of this annuity were carefully considered by parliament at the time it was granted. Some of the circumstances come to mind at the moment. Mr. Roy was our representative in France throughout the whole of the last war. During that time his home was open house—I believe I may use that expression—to Canadian soldiers and to visitors from Canada. Both Madame Roy and Mr. Roy devoted their time and energy, day in and day out, and also contributed very liberally from their own personal means to furthering the well-being of members of the Canadian forces who from time to time were in Paris, and in extending hospitality to members of governments, high officials and others who happened to be in Paris. It was apparent that the service Mr. Roy had rendered was a very exceptional one, and one which ought to be recognized by parliament. I would add that I believe the annuity was supported by members in all parts of the house.

Mr. BLACKMORE: I am not sure that $5,000 is either too much or too little, but I am thoroughly in accord with the principle underlying the granting of annuities to men who have given great service to their country. Perhaps this would be a fitting time to observe that there are many thousands of people in Canada who have rendered great service to the country. Ordinarily we refer to them as old age pensioners, each and every one of whom is entitled to an annuity which will enable him to live in peace and contentment. I would remind the Prime Minister that there is a considerable agitation throughout the country in favour of reducing to sixty-five years the age at which old age pensions may be received, and for increasing the pension to $30 a month. I believe the Prime Minister would do well to mention these facts to his cabinet, and at the same time to express himself favourably in this connection.

Item agreed to.

International Joint Commission—salaries and expenses of the commission, $75,000.

Mr. GRAYDON: Have all the vacancies on the commission been filled?

Mr. MACKENZIE KING: There is one vacancy.

Mr. GRAYDON: Does the Prime Minister recall whose death or removal caused the vacancy?

Mr. MACKENZIE KING: It was the death of Mr. Kyte, if I am not mistaken.

Mr. GRAYDON: Who constitute the commission?

Mr. MACKENZIE KING: Hon. Charles Stewart, chairman of the Canadian section, is one of the members, and Mr. J. E. Perrault, of the province of Quebec, is another. There is one vacancy. Then, there are three members of the United States section.

Mr. MARSHALL: How much was expended last year?

Mr. MACKENZIE KING: I have not the information before me, but I shall have it later in the day.

Item agreed to.

248. Privy council office—general administration, $77,925.

Mr. GRAYDON: Has the Prime Minister any details of this amount?

Mr. MACKENZIE KING: They are to be found at page 171 of the estimates.

Mr. GRAYDON: That is satisfactory.

Item agreed to.

84. Office of the secretary to the Governor General, including allowance of $2,500 per annum to the secretary to the Governor General, $104,745.

Mr. MACKENZIE KING: Would there be any objection to carrying this item?

Mr. GRAYDON: There would be no objection, except that someone in committee yesterday indicated a desire to speak with respect to it.

Mr. MACKENZIE KING: We said we would not open another department. This is not another department; however, I am quite prepared to allow it to stand.

Mr. GRAYDON: I would rather permit it to pass, but in what I have said I am just protecting the Prime Minister.

Mr. MACKENZIE KING: I understand. The item is the same as we have passed for some years.

Mr. BLACKMORE: It is still in the same department.

Mr. MACKENZIE KING: No, this covers the office of the secretary to the Governor General.

Mr. BLACKMORE: But it comes under the Department of External Affairs?

Mr. MACKENZIE KING: No. The Prime Minister usually makes himself responsible for estimates in the name of the Governor General's office. I felt I might not happen to be in the house at a time when items were being passed near the close of the session, and that it might be more convenient to pass it now.

Mr. BLACKMORE: I would favour passing it.

Mr. GRAYDON: Yes, let it go through.

Item agreed to.

Progress reported.

[Mr. Mackenzie King.]

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Monday, July 12, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Golding in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

External Affairs, sundry services, $163,000.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Chairman, last night the leader of the opposition asked if I would give a break-down of the item for $163,000. It is as follows:

Evacuation of staff	$ 5,000
Evacuation of offices	30,000
Consular services St. Pierre	5,000
Permanent joint board on defence	5,000
Joint economic committee	20,000
Evacuation of Japanese nationals	25,000
Claims allotment	50,000
Special war time assistants, Prime Minister's office	23,000
Total	$163,000

Mr. GRAYDON: Have we a consular representative at St. Pierre?

Mr. MACKENZIE KING: Yes.

Mr. GRAYDON: Has he been there only since the seizure of the island by the de Gaullist forces, or was he there prior to that?

Mr. MACKENZIE KING: It was subsequent.

Mr. FRASER (Peterborough West): Will the Prime Minister answer the question I asked with regard to the wartime information board sending men to South America and Central America?

Mr. MACKENZIE KING: As that brings up the subject of the wartime information board, I should like to make a statement to precede discussion.

Mr. GRAYDON: Were we not to take general administration first?

Mr. MACKENZIE KING: We may do so if hon. members prefer. The item will be found on page 925 of *Hansard* of March 3, 1943:

Statutory orders and regulations division—general administration, $22,608.

Mr. CLAXTON: This item covers just one activity of the privy council office, that concerned with the registration and publication of Canadian War Orders and Regulations. In 1942 it was found that there were

a great number of war orders and regulations, some of which were being published in the *Canada Gazette* and others by departmental means. It was considered desirable to have the orders of all departments as well as of the governor general in council registered in one place in the privy council office and printed. If they were of general interest they were to be included in a publication to be issued. Since November, 1942, this work has been carried on and this item is to cover the cost.

Mr. GRAYDON: How is it decided whether they are of general interest?

Mr. CLAXTON: General instructions were given in the order in council which set up the division of the privy council office. This is P.C. 10793, of which section 4 reads:

4. A registry shall be established in the privy council office, under the supervision of the director, in which shall be filed copies of:

(a) proclamations relating to the war and all orders of the governor in council, including minutes of council and of treasury board, relating to the war, of a legislative character or of an administrative character having general effect or imposing a penalty;

(b) all orders, rules and regulations, relating to the war, of a legislative character or of an administrative character having general effect or imposing a penalty, made by ministers of the crown;

(c) all orders, rules and regulations, relating to the war, of a legislative character or of an administrative character having general effect or imposing a penalty, made by a government board, agency, controller, administrator or other officer who may have authority to make such enactments.

That section contains the definition of the orders which are registered and which are to be published in this publication.

Mr. GRAYDON: It is legislation of an administrative character or that which imposes a penalty?

Mr. CLAXTON: Of a legislative character or of an administrative character having general effect or imposing a penalty.

Mr. DIEFENBAKER: This is one thing for which the Prime Minister deserves commendation. Prior to the publication of these orders in council and proclamations month by month it was very difficult to have any conception of what the law was on the matters covered by orders in council without undertaking a great deal of research and unnecessary work. I have a further suggestion to make. Except for one or two returns that have been brought down during the period of this parliament and which set forth various statutes which have been amended, suspended or abrogated in whole or in part, there is no reference available either to the legal profession as a whole, to business or to members of parliament which would disclose the statutes that have been so amended. I should like to see this present publication continued, as no doubt it will be, but I would suggest that an appendix be added to each issue giving a record of the statutes which have been amended or abrogated, either in whole or in part. It would also be of great benefit to have a list containing all statutes which have been so affected up to date, and also have an addition to the statutes of Canada as they are issued each year giving this information. It is almost impossible to know the position with respect to these matters, even with the assistance of this monthly publication.

Mr. MACKENZIE KING: I am informed by the clerk of the council that he and others have been giving consideration to the very matter referred to by my hon. friend, and they hope to be able to meet the problem he has raised.

Mr. STIRLING: I should like to see a reproduction of the very useful directory which was published a year and a half ago and which gave information in connection with the various boards and controllers and committees which exist as a consequence of our war activities. This was issued by the predecessors of the wartime information board and it has not been reproduced. It is hard enough when we are in Ottawa to find out who are the members of this board or that committee and where they are located, but when we go to the different parts of Canada it is utterly impossible to get this information.

Mr. MACKENZIE KING: I think the suggestion of my hon. friend is a good one, and I shall make it a point to recommend that the present war information board bring up to date the information which was contained in the original publication.

Mr. CHURCH: Statutory orders are of two classes. First, there are the statutes passed by this parliament, but another innovation has crept in of recent years. Orders of controls and subcontrols and other bodies are given the force and effect of statutes. This matter has been criticized in the old land. We have spent only one or two days on foreign affairs, which is one of the most important questions before us, and I suggest that in the recess of parliament the Prime Minister consider issuing white papers on the war to inform us as to what is going on. We should have been told, for instance, about

North Africa and many other matters. I think it would clear up a lot of misunderstandings and settle a lot of doubts and fears if the Prime Minister would issue white papers from time to time. I hope he will consider the suggestion in the recess of parliament.

Mr. MACKENZIE KING: I shall be glad to give consideration to my hon. friend's suggestion.

Item agreed to.

Mr. MACKENZIE KING: May I suggest that as there will probably be a discussion of some importance on the wartime information board, we might call it one o'clock.

Mr. GRAYDON: Does that mean that our general discussion with respect to privy council matters is closed when discussion on the wartime information board begins?

Mr. MACKENZIE KING: Yes.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Wartime information board, $658,000.

Mr. CHURCH: Before we proceed to the discussion of this item, Mr. Chairman, I should like to make a statement on a question of privilege. Last Friday I ordered one hundred copies of *Hansard* of Tuesday, July 6, to send out to Toronto for distribution among my constituents. They were put into sealed envelopes and mailed by a messenger. Unknown to me, the copies that arrived for distribution were French copies, and they reached their destination over the week-end of July 12. Prominent Orange leaders and others, including ministers of the gospel, received them. The hoax was on me and I received many good-natured notes from several members this morning. I do not believe that the Minister of National Defence for Naval Services had anything to do with it.

Mr. MACKENZIE KING: Before saying anything about the work of the wartime information board, a word is, I think, desirable about the purpose of governmental information services in war time.

Information has two sides: one is the provision of information within the country; the other the dissemination in other countries of information about our country and its war effort. I shall first say a word about information within the country.

In modern total war, the whole of the energies and resources of the country, above those needed to maintain the health and efficiency of the people, must be directed into channels which contribute to the prosecution of the war.

This process involves a transformation of the occupations and the habits of life of a large proportion of the people; and some degree of interference with the ordinary peace-time behaviour of almost everyone in the country.

In a democracy, success in achieving these ends depends on the willing consent and participation of the vast majority. It is not as in dictatorships where despots seek acquiescence by force and delusive propaganda. It is for citizens of a democracy themselves to be convinced of the need for doing what is required of them. To have that conviction they must have the facts clearly put before them. They must know what is required of them and why. They must be told what are the ends that are sought, and how it is proposed to achieve them. They must know the results of the policies with which they are asked to comply. They must be informed of the progress of the effort of the nation in which they are taking part. They have a right to know everything connected with the war, except where lives would be endangered, or the enemy aided, or where the national interest would be hurt. Indeed if they are to set their minds to the fullest participation in war-time activities they must have the greatest possible knowledge and understanding of these activities.

Of course, all this information does not take the form of government "hand-outs," broadcasts by ministers, or interviews with the press. In this country, I venture to say that parliament itself is the greatest of all the information services. The members come here from all parts of the country; they know what is in the minds of their constituents; they reflect the views, the doubts, the questions, sometimes even the confusion in the public mind, in their speeches in the house, in questions to the government, in conversation with ministers and officials and in many other ways I do not need to recall to hon. members. Naturally the information brought out in parliament flows back in turn from hon. members themselves, through the press, the radio, et cetera, to the public.

The press and the radio, films, discussion clubs, service clubs and voluntary organizations throughout the country are all invaluable instruments of war-time information. Their contribution to information and understanding is all the more valuable because it is tempered by criticism, and by all the constructive impulses which are born of freedom.

With these free agencies operating as effectively as they do, a free country does not need the elaborate information machine of a dictatorship. Nor does it for the further reason that it is not trying to do the thinking for the people as in a dictatorship, or to supply their attitudes ready made. It has been found necessary, however, in all democratic countries in war time to set up information services to aid and supplement the work of the regular free agencies. The magnitude and complexity of national war-time activities are so great that auxiliary facilities are needed. These are provided by information services whose task it is to work inside the government machinery to help collate and bring out the facts, and make them readily available to the voluntary agencies. Thus, by filling a need to help increase the flow of factual material of all kinds to the people, information services have a vital part in democracy in war time.

I turn now to the reasons for disseminating information in other countries about the war effort of our own country. I shall say very little on this point because I believe the need is almost unanimously acknowledged both in the house and the country.

Canada is a partner in the company of united nations. The success of the combined efforts of the allied powers depends largely upon mutual good-will. Good-will in turn demands accurate, full and constant information. It is the acknowledged aim of the enemy's propaganda to sow discord among the united nations by spreading lies and half-truths in each of the allied nations about its partners. So important do the nazis consider this warfare of words, or political warfare, that they have spent and continued to spend staggering sums on propaganda. The germs of false propaganda can only do their evil work in the darkness of ignorance. They can be destroyed only with the light of truth. But it is still more satisfactory if accurate information can be supplied before the false propaganda is spread abroad. That is why every free country at war has given so much attention to disseminating information outside its own borders.

Before the present war, Canada had little or no experience of this important side of war-time activity. The government approached it with caution and hesitation. For obvious reasons, it was more important for Canada to see that accurate information was available in the United States than in any other country. Before the United States entered the war that was a matter of extreme delicacy. After the entry of the United States, the technical difficulties were not so great, but the American people became increasingly absorbed in their own war effort, and consequently relatively less interested in the activities of another country. This situation increased the danger of misunderstandings. There was a growing concern in Canada to find some means of preventing possible misunderstanding by the provision of accurate information in the United States. Several hon. members gave expression to that concern. The concern was fully shared by the government, and it was out of that concern that the wartime information board was established.

In order to secure the most expert advice as to the appropriate action to meet that problem, the government invited Mr. Charles Vining, one of the leading authorities in the field of public relations, to examine the situation and prepare a report. When Mr. Vining's report was received, no time was lost in considering its recommendations. They were wholeheartedly accepted by the government and as a measure of our readiness to give full effect to them, Mr. Vining was invited to be chairman of the wartime information board he had recommended. He was given a completely free hand in organizing the work of the board.

One of Mr. Vining's fundamental recommendations was that external and domestic informational activities should be combined under a single unified administration. Up to that time, domestic war-time information had been administered by the bureau of public information in the Department of National War Services. The bureau was well organized and had been doing good work under the direction of Mr. Herbert Lash and Mr. Claude Melancon. I should like to record the government's appreciation of their faithful service as pioneers in this difficult field of wartime activity.

It was primarily to meet the need for external activities that the wartime information board was established. Mr. Vining supervised the establishment of offices in New York and Washington, and of a headquarters staff in Ottawa which would keep these offices abroad fully and regularly informed of developments in Canada.

To the great regret of the government, Mr. Vining was obliged by continued ill-health to give up his duties as chairman of the board. On his recommendation, an alteration was made in the administrative structure of the board to provide for a general manager to act as chief executive officer. Mr. John Grierson, the government film commissioner, accepted this post in addition to the one he already occupied with the national film board. This combination of functions has the advantage of effecting a further coordination of war-

time informational activities, since the work of the national film board in wartime is inevitably largely concerned with the furtherance of the war effort.

It is not my intention to give a detailed description of the organization of the wartime information board, with which most hon. members are, I am sure, already familiar. I should like, however, to say that the government feels it has been particularly fortunate to have secured the services of President Norman MacKenzie of the university of New Brunswick, and the Hon. F. Philippe Brais, as chairman and vice-chairman respectively. Their able and disinterested guidance has been invaluable in the work of the board.

Before attempting to explain the functions of the board, I think it is desirable to explain what it is not. In the first place, the board is not a "publicity bureau", as some people seem to imagine. It is not engaged in competition with the press, the radio, films or any other medium of news or publicity. Nor is the board a "news agency". It is not a competitor of the press agencies, the press gallery or any other agencies which gather and disseminate news. The board, most emphatically, is not a "censorship bureau" or a central agency or "bottleneck" for the release of governmental announcements. It was not established to supplant the regular channels of communication between government departments and agencies and the press. The object of the board is to stimulate and facilitate the flow of information from the various wartime agencies and departments of government to the public through the normal channels of press, radio, films and public speakers. Far from competing with these agencies of publicity, the purpose of the board is to help them.

In the greatly enlarged, very complicated, and very busy machinery of wartime government it can easily come about that information needs of the people in Canada, and of the nation in the outside world, are not always given the fullest consideration. The board has worked to ensure as far as possible that these are met—that the facts are brought out, and appear in the clearest way. In many subjects, for instance, several departments are concerned, and in these fields the board seeks to coordinate information and see that it is made available in useful forms.

To carry out this task most effectively, the board is particularly concerned to study the information needs of the public. The controls, restrictions, compulsory orders and appeals for voluntary action necessary in wartime inevitably raise questions and sometimes, I regret to say, even confusion in many minds. It is vital to the effective prosecution of the war to bring these questions quickly to the attention of the appropriate government agencies and to see that satisfactory answers are provided. It is even more important to clear up confusion rapidly whenever it arises. The wartime information board is constantly watching for signs of the information required by the public and keeping the government informed as to the need for providing fuller and clearer information. As a result of its labours, there is more news available to the press, better information available to the public, and a wider knowledge of the action and objectives of the wartime agencies of the government, and a greater understanding of the manifold national war activities which all Canadians, in one way or another, have a part.

As to the degree of success achieved by the board, I shall not ask hon. members to accept my own opinion. The external activities of the board were the chief new departure. As the minister responsible to parliament for the work of the board, I was particularly concerned to satisfy myself as to the effectiveness of the board's activities outside Canada and, particularly, in the United States.

Hon. members will realize that I am not able personally to give more than a very small part of my own time and thought to the work of the wartime information board. I was very anxious therefore to obtain an independent judgment from someone thoroughly competent to assess its activities.

When I learned that Mr. Vining's health would necessitate his retirement, I carefully considered asking Mr. W. R. Givens to accept the chairmanship of the board. I did not do so only because I learned that Mr. Givens did not, at the time, feel equal to assuming so exacting a burden. My reason for thinking of him in that connection, in addition to the qualifications inherent in his long and exceptionally distinguished career as a journalist and his wide knowledge of the United States, was my desire to take every precaution to see that the board should be strictly non-partisan in its activities and should concern itself exclusively with its appropriate war-time functions. Moreover, I felt that Mr. Givens' long association with the Conservative party would remove any vestige of suspicion that the government was not single-minded in its policy with respect to the objectives of the board.

When I learned that Mr. Givens planned to spend a few days in New York I asked

him if he would find it possible to prolong his stay sufficiently to survey the activities of the New York office with the object of giving me the benefit of his judgment with respect to its work. This he has been kind enough to do and I now propose to read, to the house, Mr. Givens' report.

The report is in the form of a letter dated June 7, 1943, from 10 Maitland street, Kingston, Ontario:

Right Hon. Mackenzie King, M.P.,
Prime Minister,
Ottawa, Ontario.

Dear Mr. King:

A year ago or thereabouts I wrote to you expressing regret that the Canadian war information board did not seem to be meeting with much success in the United States in its endeavour to publicize Canada and Canada's war efforts. I have to confess that at that time I had been given to understand that the New York branch of the war information board was in existence and in full running order, when as a matter of fact as I have since learned, the New York office was not established until September last and then only with a single room, and that it did not get into real operation for several months. Consequently such criticisms, including my own, as were at the time passed upon the workings of the board were without knowledge of the facts and manifestly unfair to the board.

For this reason (and, as well, because I noted with satisfaction, while in the south this winter, the surprising and gratifying increase in the number of Canadian articles appearing in the American press) I took it upon myself at the end of May to stop off for a week in New York city to study the workings of the New York office of the board and to observe its functioning. In this, I may say, I was given a completely free hand and received the heartiest cooperation of the members of the staff. I had in mind three objectives—one, to look into the necessity of the work; two, to ascertain, if possible, whether the right kind of information was being put out and in correct and presentable manner; and, three, to see if the results were commensurate with the cost—this last because of recent criticisms, directed against the salaries of some of the staff in the New York office.

As to the organization: It will be well at the outset to point out that an organization such as the war information board operates within very definite limits. It has no organ of its own, and no newspaper of its own, but must depend upon the good-will and cooperation of the news agencies and feature syndicates to whom it offers its wares, and who act as the ultimate distributors to the various newspapers, periodicals and magazines of the country. It should be added, too, that not even the excellence and timeliness of these articles will assure their publication because of the limitation of space or, mayhap, because they have been covered in part in another field or by special writers. Thus, no matter how good the work of information boards such as the Canadian and British boards may be, they can have no assurance that their offerings will be accepted. They simply must depend for distribution and acceptance upon the independent news services and agencies—though occasionally a newspaper or magazine here and there may be approached direct—since these services and agencies serve scores of newspapers and periodicals and, because of their highly perfected organizations, are in a position to give satisfaction to the full. For the board itself to undertake the work of dealing separately with the thousands of American newspapers and publications would necessitate a very large organization and a huge outlay of money. The wisest and by far the more economical way is for the board to collect its news and features, as now, and then offer them to the news services and agencies to be assembled by these agencies, who in turn will offer them to their clientele—newspapers, supplements, magazines, etc.—after they have first been assembled in such form as mostly likely to have greatest appeal to the reading public.

The question of necessity: As to the necessity of the work; of that there can be no doubt. Canada very badly needs publicity in the United States, not alone in respect of our war work, but indeed in respect of ourselves, our position within the empire and the kind of government we have, to say nothing of our future. Astounding as it may seem, there are many Americans yet who do not realize that Canada is no longer a colony wholly free from British control and as indepedent in every respect as the United States itself. These people are astonished to learn that we frame our own laws—even tariff laws against British goods—that we make our own treaties; that in respect of the present war we entered into it of our own volition and that our government functions apart from, and wholly free of, the British government. There are even some Americans who imagine that we would be glad to become an integral part of the republic, to which one is only too glad to be able to give the answer, "Closer and more friendly relations—yes! Nothing could be more desirable and be it added, more necessary. But beyond that, no! The people of the United States fought for their independence and won it. We in Canada, who have won ours by peaceful methods, value it none the less highly than the Americans theirs, and so we shall retain it."

Then, as to what Canada has done or is doing in the war, the lack of information in the United States up to within a few months ago was deplorable. All this is now happily being changed, thanks to the work of the Canadian board as now constituted.

As to the information: As to whether the information we are putting out is the right kind, or whether we are doing it in the right way, the answer is "yes", and I speak by the book; for on my visit to the New York office I saw hundreds of articles in newspapers from coast to coast, as well as in some magazines, dealing with Canada and the work she is doing in the war. These dealt with the part Canada is playing in le[illegible]lease; with naval patrol; with the manufacture of munitions and ships, with the establishment of a huge army overseas, said to be the most highly mechanized in the world, and ready at the moment's notice to go wherever sent; with the further establishment of a huge defence army; with our gigantic air training service; with the huge loans floated here and loyally subscribed to by our people; with our second billion dollar voluntary contribution to mother England, and with the calm manner in which we are bearing our heavy tax burden which in some categories is heavier even than in England and at the moment in all respects much heavier than in the United States. Nor were these small articles, or in small

newspapers and periodicals only. Hundreds of them were full pages and half pages and many of them were splendidly illustrated. The increase in this publicity has been amazing. In April and May 1942, only 566 Canadian items appeared in 425 United States newspapers, while, a year later, forty American newspapers alone printed 1,860 items in the month of April referring to Canada's war work, which represents an increase of 400 per cent over November 1942, the first real operating month of the board in the United States.

An Advertising Increase. If one considers the present situation in the United States, this increase of Canadian news items is nothing short of astonishing. In the first place, the United States is now in the war itself, following Pearl Harbor, and the American people are clamoring for news of their own kith and kin and of the exploits of their own troops, so that Canadian news might be expected to be almost wholly submerged, whereas it has been steadily increasing in presentation. In the second place it is to be remembered that as yet, save for Hong Kong and Dieppe, Canada has furnished no spectacular fighting news. While in the third place, due to the rationing of newsprint and the consequent reduction in the size of the American newspapers, there is less space available for news in these papers than in many years past, with priority necessarily given to the movements and doings of American troops.

In this connection—and I know I will be treading on the toes of some of our "higher ups"—I think it a matter of great regret that the Canadian airmen overseas and doing such wonderful work are not named as such, instead of being grouped with the Royal Air Force. In the American newspapers the American fliers are "segregated", so to speak, and given due publicity as American units for what they do. Not so the Canadian fliers. They are lost—"snowed under"— in and with the Royal Air Force, although there are literally thousands of them, whereas the American impression is that they are a mere handful.

The Matter of Cost. I now come to the final point—the cost of the service the New York board is giving, more particularly in respect of the wages paid, of which there was recently some criticism, especially the salary of Leo Casey, who acted in an advisory capacity and kept the board in close touch with the four major mediums with which it is most necessary the board should be in contact at all times if it hopes to do its best work, namely, the movie, the radio, the news services, and the news syndicates, including weekly supplements magazines, etc., to say nothing of the British war information board as well as the United States board with whom the Canadian board is working in complete harmony and understanding. As to this allegation of too high salaries, the critics have not a leg to stand on. But it was ever thus. It is axiomatic that the man on the street knows much better than the trained newspaper publisher and editor, how a newspaper should be run and wherein it falls short of the perfect article which the critic could and would produce if he were at the helm. Indeed that is so even with governments. Always, as opposition parties from time immemorial have been telling us, the government that at the moment happens to be in power is for the most part made up of incompetents, accidents and time-servers, while the really good government would be the one that is hanging around in the offing waiting for the lightning to strike. Thus perhaps it was to be expected that criticism of the information board's work and cost would be forthcoming. Unfortunately for the critics, the ground they took was quick-sandy, for it has just been disclosed that Mr. Casey has sent in his resignation effective as of June 30, in order that he may assume the position of publicity director of the Republican Post-War Policy Association, at, significantly enough, nearly double the salary that the Canadian war information board has been paying him—a fact that speaks for itself.

The simple truth of the matter, as the critics should have known, is that good newspaper and publicity men, never any too numerous, are at the moment scarcer than hen's teeth. This is due to several things—their entrance into war service, and the merger or extinction of many small newspapers, forced by the rapidly mounting cost of production, with the result that fewer and fewer young newspaper men are being developed in this once fertile small newspaper training field whence came for the most part the most useful and promising members of the profession. Hence their scarcity, and hence the insistent demand for them, naturally at higher and higher salaries.

The New York staff generally: As for the remainder of the staff in the New York office, they number exactly eight, and their combined salaries for an entire year will total approximately $27,000, or about $2,250 a month. Anyone who knows anything about newspaper or publicity work in New York and the high salaries paid for good men there will not have to be told that this total salary outlay is unbelievably small. It may be added that the New York director of the board, Harry Sedgewick, who, by the way, is president of radio station CFRB, Toronto, and chairman of the board of Canadian Association of Broadcasters, receives no salary. Everywhere he is recognized as a man of marked ability and an outstanding figure in publicity work. When one notes that this small staff of eight does all the work in the New York office—in one office alone of the British war information board, I am given to understand, there is a staff of 250, headed by high ministerial counsellors—it can readily be seen that there is no loafing on the job in New York and that, considering the work done, it is being done at a remarkably small salary outlay.

I saw numerous full page articles and scores of half pages, each one in at least 100 newspapers, while smaller articles ran in newspapers and as syndicated features from coast to coast, to the number, in some instances of 2,000 for one story. Indeed, the last number of *Fortune* magazine had a full two-page Canadian feature. If this were to be paid for as advertising matter the cost would be several thousand dollars, while a full page advertisement in New York newspapers runs for one insertion in any one of them, in the neighbourhood of $1,500. But ignoring the large papers entirely and taking the small papers at, let us say, $250 a page per insertion it is an easy matter to "break down" the cost and by simple arithmetic to prove that, if any one of these articles had to be paid for at full advertising space rates, a single page of Canadian war features, run in 100 papers would be worth $25,000—or, for this one feature, practically the entire salary cost for an entire year of the New York information board's staff. This presentation of these bald figures and facts is sufficient refutation of

any charge of excessive salary payments and it is gratifying to note that the charges have not been repeated. Their introduction served no useful service and seemed to savor of politics. Incidentally I am glad to say I saw no evidence in the New York office of any politics, the introduction of which we would all strongly deprecate.

The board's future work: As to the future work of the board, I have an idea that once the invasion of Europe is undertaken, the pattern of the picture will change radically and a much more intensive and speedy production of features and pictures will be forced into being. Even as it is, the flood of booklets that were once put out by the Canadian board dealing with Canada's war work has gradually diminished until now it is down to less than 7,000. Eventually, it will undoubtedly be found to drop well below that figure, for as the United States war effort has increased, American editors have neither the time nor the inclination to wade through these publications, whose contents by the time they reach the newspapers are largely "old stuff". What will be needed once we are fighting in Europe is live features, spicy, pithy, brought up to the last minute and of a kind that will appeal to the masses—not lengthy or ponderous articles but "meaty" and informative, easily read and just a trifle out of the ordinary. The Associated Press, the United Press and the Canadian Press can be depended upon to furnish all the day-to-day and even minute-to-minute news, leaving a wide field to information boards and syndicates for clever special items and features which have always made a strong appeal to the masses. When that time comes, the booklets, I believe, will be largely a thing of the past and useful only for reference purposes. The "hot-off-the-griddle" features will definitely supplant them.

I need hardly add that this is not in any sense a defence of the board or intended as such, for it in fact needs no defence now that the machinery is running smoothly. It is simply a presentation of conditions as I found them and have here set out in justice to the information board itself, whose work is none too easy and deserves praise rather than censure or ill-founded criticisms on half-baked facts.

Yours sincerely,

W. R. Givens.

I think the committee will agree that this is a good introduction to the discussion.

Mr. CLAXTON: Mr. Chairman, the subject of the wartime information board has already received some mention in the house this session. On April 7, and on May 19 and 20 there were references to it, and it is my submission that those references indicated that the house and country need a good deal more information about the information board. During the discussion on those days I think it is fair to say that the general purpose of the board was not under criticism. I do not think anyone said that the working of the board was in any sense faulty. It was however suggested on a number of occasions that the salaries of the board and expenditures by the board had expanded out of all recognition. I hope to show the committee that the facts on which those assertions were based are simply not accurate. The salaries have not expanded. The number of people on the payroll has not increased, and expenditures on the board, instead of increasing, have actually been decreased as the work has changed, and as emphasis on different parts of it has changed. I hope, as I succeed in showing this, that hon. members of the committee, the press and the public will give the board and those responsible for it the credit I think is due to it for having done an exceedingly good job at a low cost—a cost lower, I submit, in proportion, than that charged to any government of which we have any knowledge.

Referring first to the work outside of Canada, as the Prime Minister has said, this was only begun with the appointment of the wartime information board, following the receipt of the Vining report. Mr. Vining indicated to the government that there should be nothing in the nature of a publicity campaign, that there should be a minimum of commotion, that the offices of the board should be small and efficient, that they should largely work through the press and other instruments, and not in any way seek to take the place of the press. That object has been achieved, to a really extraordinary degree.

First a word about the offices. We have heard a description in Mr. Givens' letter of the work done in the New York office. The staff consists of eleven persons under Mr. Harry Sedgwick, to whom reference has been made. It is attached closely to the office of the Canadian consul-general, Mr. H. D. Scully, and occupies modest offices at No. 620 Fifth avenue. At Washington there are three on the staff, under the very able direction of Mr. J. H. Campbell, formerly publicity director of the Canadian Pacific Railway in the west. These small staffs, acting as the front for the organization in Canada, and also acting very closely with Canadian newspapers, the Canadian Press and the British United Press—the two Canadian services—have really achieved remarkable results in a very short time.

The committee would be interested to know how this has been done. It has been achieved by personal service. The men in charge of the Washington and New York offices receive an advance upon a story coming through over the Canadian Press or the British United Press from Canada. They at once get into contact with the heads of the American services and the editors of the leading American papers, pointing out that this story is of the type which would interest them. Our representative may say, "There is something in this which you might like" or "Do you wish to have

any further background material?" or "Do you require any cuts for this story?" In other words, our people render a service. And it is through that personal connection that these extraordinary results are obtained.

I have here tangible evidence of what this means. It is desirable that the committee should have a clear understanding because it is seldom that matters of this kind can be demonstrated physically as here. Usually we are concerned with figures and words. Here we have an interesting contrast in results due to the way news was handled. In June, 1942, Canadians went to help in the defence of the Aleutian islands. This was a news story which would have been considered news anywhere in the United States. It had dramatic value, that Canadians should be going to implement the joint defence agreement, and it was a feature which would have appealed to United States editors. But owing to an accident—and it was nothing other than that—the release of the story was delayed three days by the military authorities, and when released it took the form of a very short release to the press. This was issued in the United States. It was sent over the wires, and the reception in the United States was very interesting. There was practically no American paper which I have been able to find, after a careful search, which even referred to the story. If it was referred to it was buried as a shirt-tail at the end of some other story about the Aleutian islands. The one exception was the Baltimore *Sun*. On Thursday, June 18, this paper had an eight column streamer headline across the front page reading "Canadians join United States in Alaska defence." The reason why the Baltimore *Sun* alone of all the 1,800 daily newspapers in the United States featured this story was that by accident Mr. Vining was in the office the day before. He had received word that this story was coming through and he pointed out its interest to the editor. The editor at once saw its interest and featured the story when it came through. But that was the only paper so far as we know that had the story on the front page or in headlines anywhere else. That single case was the result of personal association, personal interest and advance information, fundamental things in the proper play of any news story.

Now, contrast the handling of that story with the one ten months later. In April, 1943, the wartime information board got word that a similar story about the Canadians assisting in attacks on the Aleutians was coming through. Because of their having got this advance word they were able to warn the editors of the press associations and leading papers in New York. The Canadian Press and the British United Press gave the story to their opposite members, the Associated Press and the United Press in the United States, who were well prepared for it. The story was sent out over the wires to all newspapers. The result of the work of the wartime information board can be seen in the contrast between the treatment given this story in April, 1943, a story which did not have the primary news value of the story which appeared in May, 1942, and the treatment given the earlier story. The results are shown by the clippings in the blotter which I lay on the table here and which hon. members may be interested in seeing. They will find page after page of clippings from United States papers all featuring this Canadian story. Here are some of the headlines:

Canadian air force join Americans in Aleutians.
Canadians join U.S. in blasting Kiska.
Canadians join raid on Kiska.
Canadians rejoin Yanks in raid on Kiska.

It goes on for page after page until you find no less than 420 clippings of this single story. Truly a remarkable demonstration of the change in results in the United States, partly as a result of the added services furnished by the wartime information board all along the line. Part of this service was to make our military authorities realize how important it was that stories of this kind should not be too long buried on a censor's desk.

Mr. STIRLING: Are all the clippings from daily papers?

Mr. CLAXTON: They are from the daily papers. These are not by any manner of means all that appeared; they are simply all that I got when I was in New York on May 19 and May 20 to look into this thing. That is why I could not join in the debate on that occasion.

Mr. DIEFENBAKER: Are they all different, or are they all Associated Press dispatches?

Mr. CLAXTON: This story could come from two sources only, the Associated Press and the United Press, and the clippings give credit to one or the other. The stories appeared in papers in every state. There is no other way in which they could get a story of that kind except through the Associated Press, the United Press or the International News Service. That is the only way they could get the story unless they happened to have a correspondent in Washington, New York or Ottawa who was in touch with us,

and we know they mostly have no correspondents in Ottawa. This is tangible evidence of the changed situation brought about, in part at least, by the institution of offices of the wartime information board at New York and Washington.

Mr. GRAYDON: Does my hon. friend attribute the change entirely to the wartime information board?

Mr. CLAXTON: I said in part, but I do not know to what else it would be due. If anything, it is harder to-day to get news stories across in the United States than it was in June, 1942, when the first story appeared. To-day there is more spot news, more news of events occurring all over the world with which Canadian news must compete. I think in fairness that it must be admitted that the results are largely due to the treatment accorded the news by the wartime information board. It must be remembered that the news went out over the Canadian Press and at every stage it was guided, so to speak, so that it would get the treatment it deserved. That is an illustration of the kind of service rendered by the board.

As hon. members will appreciate, the members of the board have similarly assisted in the preparation of articles, have provided facilities and material for writers and for journalists having to do with the war effort. This generally resulted in an article being written for one of the great United States publications. Radio programmes have been arranged, such as the Jack Benny, Kate Smith and other programmes to be broadcast from Canada to the United States. Contacts have been made with all kinds of associations. Interviews have been arranged for ministers or other prominent Canadians like Doctor Best or Doctor McIntosh when they go to the United States. Such interviews have had widespread coverage through the press and press agencies.

The board replies to inquiries—and they are pouring in all the time—and it furnishes still photographs and other material. In addition to having offices established at Washington and New York, the board has cooperated in the closest possible way and has the friendliest relations with both the British ministry of information officials in the United States and the office of war information of the United States. The latter organization has helped in the dissemination of Canadian news all over the world because of arrangements made by the wartime information board. This has resulted in news about Canada being broadcast on the short wave radio all over the world from the office of war information broadcasting stations.

When the institution of offices in the United States was suggested and talked about back in 1940, 1941 and 1942, some hon. members and possibly the government were under some apprehension lest the setting up of offices in the United States might create some unfavourable incident or comment. The exact reverse has happened. The only comment received so far in the United States has been favourable; the only comment by press and government agencies and by representatives of other governments has been one of sincere appreciation for services rendered. The words of Mr. Givens are by no means an overstatement about a remarkable job done by Canadians in order to make Canada better known in the United States. They have been able to do this because of this organization. It is modest, it is not aggressive in any improper sense, it has an admirable personnel, and is doing a good job.

Mr. GRAYDON: My hon. friend mentioned correspondents who had been brought to this country under the aegis of the wartime information board. Is he in position to give the number of correspondents who were brought here, and what papers they represented?

Mr. CLAXTON: Those suggested to me now are the representatives of the Associated Press, the Chicago *Sun,* the New York *Daily News,* the NFA service and a good many others. I can give my hon. friend a list of them if he wishes to have it.

Mr. GRAYDON: I should like to know how far that went.

Mr. CLAXTON: My estimate from the lists I have seen is that in the period under review there would be somewhere in the neighbourhood of fifteen to twenty. Prior to that, under the division of public information, there were two trips organized which included very much larger numbers. Now it is being done on a much more modest scale. People are given every facility to see what they wish to see, when not prevented for military reasons.

Mr. GRAYDON: Does the wartime information board pay the expenses of these people when they come over?.

Mr. CLAXTON: Sometimes it does and sometimes it does not. I am informed that most of these people come on their own because they are interested, partly through the

work of the offices in New York and Washington, and I say that this is due in part to the work of the board. I think it is in the minds of hon. members that there was in the United States a virtual vacuum of information about Canada. We are trying to fill that vacuum, and the tremendous results that have been achieved in the short period of ten months are due to the fact that there is a story to be told and the Americans are naturally inclined to be exceptionally friendly towards us.

Mr. GRAYDON: It seems to be the general idea that Australia made a much better job of publicity in the United States than we did.

Mr. CLAXTON: It should be remembered that Canada only began to have offices in the United States in October, 1942; we have had offices there for only ten months, while Australia has had offices there since the outbreak of war. I know Mr. Bailey, the head of the Australia office. He has done a remarkably good job. He is a fine journalist and has earned the respect of all with whom he deals. He has been helpful to officials of the board in giving them assistance and advice when they were getting going. A number of Canadian newspaper editors and journalists have been to see the board's office when they were in New York to see what it was doing, not at the suggestion of the board but because they were interested. I have a long list of Canadian journalists and editors who have used the resources of the board in the United States. Some of them have written about it. One of them is the correspondent of the *Financial Post*. Writing of the work of the board on May 29, 1943, he said:

> Results of its work to date are most impressive. Its success and achievement clearly indicate that the New York job of WIB is one that Canadians should now regard as permanent; that its contribution to North American understanding and welfare will be as great in peace as it is in war.

Further on he says this:

> Particularly important, the amount of unfavourable or inaccurate information about Canada has been reduced.

It is only right to remind hon. members that ever since the board has been working in the United States I do not know of any unfavourable publicity that Canada has received such as there was before.

Mr. GRAYDON: I do not want to interrupt my hon. friend's train of thought, but some suggestion has been made that the wartime information board may be continued not only in time of war but in time of peace. Perhaps the hon. gentleman would enlarge upon that. It is a matter in which the people of this country are extremely interested.

Mr. CLAXTON: That is a matter of government policy to which the government would naturally wish to give consideration at the time, but I can tell my hon. friend it is absolutely certain that the work of the wartime information board will not go on after the war in its present form. If there are services such as those rendered in connection with Latin America which the government of the day would wish to have continued, they will be continued in some form. Perhaps it may be part of the work of trade commissioners, or some other means may be found. My hon. friend will appreciate that this work is too valuable in some aspects to be allowed to stop at the end of the war. But if the work now done by the board is carried on, it will be totally changed in character, and certainly changed in name and form.

Mr. FRASER (Peterborough West): And in personnel?

Mr. CLAXTON: Yes, very largely, because a great number of people who are working for the board will want to return to their peace-time job as soon as the war is over.

Mr. GRAYDON: I think the general public is anxious there should be no movement made during the war which will lead to bringing about a monopoly of news services in this country in peace time.

Mr. CLAXTON: I can assure my hon. friend that there is no such tendency in the board, either now or for the future. The board is not a government monopoly; it is a facilitating agency and nothing more. It is not replacing the work of any journal in Canada or of any press agency in Canada. It aims to be of service to them and nothing else. That I think is a very important fact to remember.

Mr. GRAYDON: Is that the unanimous view of the press?

Mr. CLAXTON: I would hope it is, because that is the work that is being done by the board, and I think the press is becoming increasingly conscious of the value of some parts of the board's work.

I should like to refer to the report of his visit to the board made by Mr. Norman Smith of the Ottawa *Journal* and appearing in the Ottawa *Journal* of April 20, 1943. He said:

> The weakest thing about our whole publicity scheme in the United States is that there are not offices in Chicago and San Francisco as well.

The men in New York and Washington are certainly working hard and most people down here believe they are working effectively.

Their salaries, some of them, look big from Ottawa, but with the cost of living as it is here and considering the nature of their work it is probable that most of them should be getting more rather than less.

There is no lack of documentary proof that they are getting good publicity in the papers, the movies, over the radio and the public platform. Nor is there lack of indication where and when they have prevented bad publicity, arrested harmful thought trends or planted helpful ones. The set-up could be improved—what set-up couldn't be improved?

Mr. REID: I hope they inform the people of the United States that all the snow has gone from here.

Mr. CLAXTON: A similar article by Mr. Arthur R. Ford, editor in chief of the *Free Press,* of London, appeared in that paper on May 7, 1943. Mr. Ford is president of the Canadian Press, and in a lengthy article he refers to the work of the board. He says:

Now we come to Canada which was the last country to set up a department of information in Washington. I have been rather doubtful of the value of such a bureau. However, after seeing the Washington bureau in operation I am inclined to change my mind.

So I submit to the committee that the work of the board in the United States has been useful beyond words in giving facts about Canada. There has been no element of propaganda about it from beginning to end. We have nothing to tell the United States except the facts and to see that they are attractively presented. That is the whole purpose of this agency, and it has no other purpose. It has never been under any suspicion of having any other purpose. It could not have any other purpose.

Mr. HANSON (York-Sunbury): The hon. gentleman says that there is no element of propaganda in it. Is not the whole thing propoganda, to make the people of the United States understand what Canada is doing?

Mr. CLAXTON: If my hon. friend uses the word "propaganda" in that sense, which is its true literal sense, I agree with him. But propaganda has in addition certain unfavourable connotations, and I do not use the word for that reason.

Mr. HANSON (York-Sunbury): When it is tinged politically it becomes objectionable.

Mr. CLAXTON: If my hon. friend means propaganda in its true literal sense, meaning to propagate information, I am completely in agreement with him.

Mr. HANSON (York-Sunbury): I am glad we agree on something.

Mr. CLAXTON: In addition, the board has established an office in the United Kingdom—with a staff of four—and one in Canberra. The office in the United Kingdom has cooperated very fully with the public relations officers of the armed services—under the direction of Mr. J. W. G. Clark—who have done such an exceedingly good job in making available to the Canadian public information about the work of our boys overseas and at sea. The hon. member for Peterborough West asked what we were doing in South America.

Mr. GRAYDON: What is the wartime information board doing toward acquainting the members of our armed forces overseas with general developments so far as our nation here is concerned? I think my hon. friend—

Mr. CLAXTON: I shall come to that.

Mr. GRAYDON: I am sorry; I did not know that was on the agenda.

Mr. CLAXTON: Yes, it is, but I thought I should deal with the other first.

Mr. GRAYDON: I am sorry I interrupted.

Mr. CLAXTON: I think I should deal with the question asked by the member for Peterborough West, because it brings up an extraordinarily interesting matter which the board has very much in mind. The organization to deal with South America is headed by Mr. Allan Anderson, who for fourteen years was correspondent of the Southam newspapers in South America.

Mr. FRASER (Peterborough West): He speaks Spanish?

Mr. CLAXTON: Oh, yes. I am sorry; he was not for fourteen years in South America, but he had just returned from South America where he was correspondent for the Southam press when he assumed responsibility for the board's work there. He speaks Spanish fluently and has a working knowledge of Portuguese. His secretary also speaks Spanish and has a working knowledge of Portuguese.

Mr. GRAYDON: What is a working knowledge?

Mr. CLAXTON: It means that he can read it and make himself understood on social occasions.

Mr. GRAYDON: Not very fluent.

Mr. CLAXTON: Not very fluent, but able to get by with it, as a good many hon. members do with the other language in Canada. He has another assistant, born in

the Argentine, who speaks Spanish and French fluently and has some Italian and Portuguese. Their job is to send out articles and press releases, and they send them in Spanish. They do not send them broadcast. They send them only to newspaper editors with whom they have already established personal contacts.

Mr. GRAYDON: Where is he located?

Mr. CLAXTON: In Ottawa. In parenthesis, I should say that the emphasis of the board has varied since being an agency which at the beginning, and quite rightly, distributed large quantities of material to the public. The present emphasis in the work of the board is to give material to meet a demand that exists and a need that has been expressed, and that policy is followed in connection with the distribution of news material and articles to the South American press.

Mr. HANSON (York-Sunbury): Are these articles to which the hon. gentleman refers as being sent out in Spanish by Mr. Anderson and his staff prepared by the board, or are they the articles that come through from the press men attached to the different departments?

Mr. CLAXTON: These articles are specially prepared by the board, but frequently the work is that of editing other articles from government departments or from other agencies in Canada.

Mr. HANSON (York-Sunbury): That does not quite coincide with what the hon. gentleman said a little while ago, that these articles were not prepared by the board but that a personal service was performed in New York. I understood that these articles were all canned stuff prepared by the fifty-seven varieties of press agents attached to the different departments. That is what the public thinks anyway.

Mr. CLAXTON: My hon. friend will forgive me if I say that there is a difference between the material sent out from Canada to South America and the material that is sent from Canada to the United States. Material from Canada to the United States naturally is news which goes out through the ordinary agencies, and the work of the board is to assist the flow of that news; whereas, so far as material going to South America is concerned, it must be remembered it is already serviced by news agencies from the United States and other countries, and anything that we could send would not be news in that sense. So that the articles are more background material giving long-term information.

Mr. HANSON (York-Sunbury): They are special articles, then?

Mr. CLAXTON: Yes.

Mr. HANSON (York-Sunbury): Specially prepared by the board?

Mr. CLAXTON: Yes, or possibly by somebody else for the board, or else material is used obtained from other government departments and services or from other newspapers in Canada.

Mr. DIEFENBAKER: What control does the board exercise over writers or authors whose services it secures for the writing of articles? During the past few months some fourteen authors or writers in this country have written articles for the board. What control does the board exercise over the information contained in those articles?

Mr. CLAXTON: It would be more convenient if I were allowed to finish one subject at a time. At present I am dealing with South America, and if my hon. friend would forgive me and remind me of that later, in case I forget, I should be glad.

Mr. DIEFENBAKER: It fits into the discussion on South America just the same.

Mr. GRAYDON: He was speaking of special articles, and so are you.

Mr. CLAXTON: I was speaking about Latin America in reply to a question. All articles sent to South America are prepared by the board, as far as I know. They are prepared or edited and the board takes full responsibility for them. They are not broadcast but sent to newspaper editors and publishers with whom Mr. Anderson himself has already established contacts, or to one of the south American editors who visited Canada, or to a Canadian legation for use through the legation, or to a branch of a Canadian bank for use in such ways as they may see fit. But they are not sent to any others.

Mr. GRAYDON: Is any information sent to South America by means of any short-wave American station?

Mr. CLAXTON: I understand it has been, but there is not a regular service.

Mr. GRAYDON: We have no facilities here, but I thought it might have been done through an American short-wave station.

Mr. CLAXTON: As part of this work, and in order to establish better associations and more friendly relations with South America, a number of south American editors have visited Canada. The total is fifty-nine, representing ten countries, and I suppose that all

of them have written, for their own publications as well as others, stories about Canada on their return to their own countries. In addition, several of them broadcast from Canada. I assume that these broadcasts must have been sent at some stage by short wave, but the exact technical operation I cannot describe. I believe that one writer has indicated his intention to write a book about Canada. There will be a special Canadian number of a publication having distribution all over South America. I refer to Norte.

There is another branch of work in South America and that is what may be called background information. This is under the direction of Mr. Malcolm Ross, who has a working knowledge of French, German and Spanish. He has had to do with arranging for broadcasts, and already one thirty-minute programme has been sent to the Argentine, Colombia, Cuba, Mexico and Peru. Some programmes have been prepared and are broadcast from south American countries. Arrangements are being made for programmes of music and talks to be given in each of the Latin American countries on their day of independence.

Then in the way of films, paid for by the wartime information board and made by the national film board, fourteen commercial films have been exhibited in South America, of which eleven, I think, were of the "World in Action" series. There are eight more in preparation. These are distributed through an agency, United Artists World corporation, and they are available to 4,000 theatres in Latin America. They have Spanish and Portuguese sound tracks. We know that 400 theatres in Mexico have taken those films. The leader of the opposition will appreciate that we are doing a good deal to prepare for the day when the short-wave station which he has had at heart will be in operation; there will be friendly contacts established with numerous South Americans, and there will be in Canada the small nucleus of a staff who can help to prepare the programmes for such a station. The work is well in hand.

Mr. GRAYDON: I apologize for interrupting my hon. friend so often, but I think it advisable to ask questions when his points arise, one by one. Do I take it that we have no representatives of the wartime information board on the ground in South America? If this is so, apparently the distribution of films for propaganda purposes and the dissemination of information, such as the hon. member has described, must all be done from here. If so, what is the normal channel through which this information goes? Does it go through the trade commissioners in the various centres in South America, or through the legations which have been set up in various South American republics?

Mr. CLAXTON: With regard to the films—

The CHAIRMAN: I do not want to interrupt, but the hon. member has spoken for forty minutes. However I take it that the committee will allow him to go on for another forty minutes if necessary.

Mr. MACKENZIE KING: We are in committee. As long as anyone intervenes, he may resume.

Mr. GRAYDON: I believe I have eased that situation now.

Mr. CLAXTON: Thank you, Mr. Chairman. The films for South America, fourteen so far and eight under preparation, are distributed there, as I have just said, by United Artists World Corporation, which is a commercial agency. These films are commercial films; they are shown in the commercial picture theatres, and it is in the interests of the agency distributing them to see that they get the widest possible distribution. In addition, however, the visits to which I have referred result in contacts being made which are used so that the representatives of the two countries cooperate in pushing their wares in each of their countries; that is the advantage of personal association. Also we now have three legations in South America, and each of these is helping very materially in these respects.

I have only one further word to say about the South American scene. A trial set of books about Canada has been put together through the cooperation of the publishers to whom we are grateful for contributing the books free, the National Gallery, who contributed reproductions of pictures free, and the film board, who contributed "stills" about Canada. These have been put together, with a great deal of other material, including posters. One set, I believe, has been sent to Chile. Two other sets are in course of preparation to be sent to the Argentine and Brazil. If the war information board had to pay for all that material the cost would aggregate, I believe, more than a thousand dollars a set. I understand that a good deal of this is contributed, so that expense is not borne by us. It is of the nature of an experiment.

Mr. FRASER (Peterborough West): Where will they be placed in Chile?

Mr. CLAXTON: In the principal libraries, museums and other public centres. They will be exhibited in one place and then move into another, just as exhibitions of pictures

rotate from place to place. They were asked for by our minister to Chile to meet demands which he had for further information about Canada, and arrangements for their distribution and display will be made through him.

That concludes what I was to say about the work of the wartime information board abroad. Now just a word about its work at home.

Mr. FRASER (Peterborough West): The hon. gentleman said that all the news sent to South America is in Spanish; therefore Brazil would not get any of it.

Mr. CLAXTON: If I said Spanish, I was right, but it is put into Portuguese for distribution in Brazil. It is sent in Spanish to Brazil, and arrangements are made locally for its translation into Portuguese before it is distributed to the Brazilian newspapers and other recipients.

Mr. STIRLING: Has the board made use of the news item feature in the picture houses, both in the United States and in South America, to introduce Canadian news?

Mr. CLAXTON: That is done by the national film board, and my information is that it is made use of extensively, and, as my hon. friend's question suggests, it is an extraordinarily useful means of publicity.

Mr. GRAYDON: Before the hon. member leaves the work of the board in other parts, may I remind him that, so far as I know, he has not said anything about how far the board has gone with respect to introducing news features and propaganda generally in Mexico. That country has been before the house more emphatically perhaps during the last few days than hitherto, because of the Prime Minister's statement in regard to exchange of diplomatic representation. Nor has the hon. member mentioned any part of the empire other than the United Kingdom with respect to the work of the wartime information board. Has anything been done with respect to South Africa or Australia or New Zealand?

Mr. CLAXTON: To answer the third question first, we have, as I think I have mentioned, a representative of the board at Canberra, Australia, and I have seen reports from the Canadian high commissioner there that he is doing extraordinarily useful work.

Mr. GRAYDON: The Canadian high commissioner does a little work on his own, too.

Mr. CLAXTON: He certainly does.

Mr. GRAYDON: Does the wartime information board take full responsibility for his statements?

[Mr. Claxton.]

Mr. CLAXTON: Not entirely, just credit. With regard to the suggestion that this work may extend to other parts of the world, a good deal of material is sent out either through the office of war information broadcasts or through British ministry of information broadcasts, by cooperation, but it is impossible for the board to have representatives in any other countries without the house granting the board some more money. This costs money.

Mr. GRAYDON: You might cut down on some items and extend others.

Mr. CLAXTON: I think my hon. friend would find it difficult to cut down on any of the items.

Mr. HANSON (York-Sunbury): The main thing after all is to develop proper information in the United States; is not that the real purpose of this board?

Mr. CLAXTON: That is a principal purpose.

Mr. HANSON (York-Sunbury): If it were not for that you would not have it at all.

Mr. CLAXTON: I would not go so far as to say that, but I would say that it is a very large part of the purpose.

With regard to Mexico I did mention that we have shown these films of the national film board, paid for by the wartime information board, to four hundred theatres in Mexico, and the same close relationships of our representatives with newspaper men and publishers exist in Mexico as in other countries. A considerable number of Mexican newspaper men are included in the list that was given to me. Between December 4 and 8 there was a visit to Canada by eight Mexican newspaper men, who travelled extensively throughout the country.

Now with regard to the home front—

Mr. FRASER (Peterborough West): Before the hon. gentleman leaves that point, do you also send literature to Central America, to San Salvador, Costa Rica, and so on?

Mr. CLAXTON: Yes; I should have said this included Latin America, and I intended to cover that.

Mr. FRASER (Peterborough West): You mentioned South America but did not include Central America.

Mr. CLAXTON: I should have included it, because the work has been carried on equally there.

With regard to the home front, I have already indicated the change in emphasis from the distribution of material to a concentration on facilitating the flow of news, particularly with relation to the work abroad; but in

addition a great deal more has been done in Canada. There has been instituted a reports branch of the wartime information board, the main purpose of which is to find out what the information is, what to say and how it should be said, and to advise other government departments. That work has been extensively carried on in that indirect way. This reports branch also cooperates with the censorship authorities in the reading of publications issued in Canada, including all the foreign language press, for censorship and wartime information purposes, some eight employees being engaged in that work.

Mr. HANSON (York-Sunbury): What about the activities of the board within Canada in disseminating information, we will say with respect to the buying of victory bonds and that sort of thing.

Mr. CLAXTON: As I think my hon. friend knows, the national war finance committee handles its own publicity. However, there are coordinating committees, on which the wartime information board is represented, which endeavour to coordinate the activities of all the various publicity agencies working in connection with the war.

My hon. friend asked what was being done to keep the troops informed about news of Canada. Recently there has been issued a publication called "Canadian Affairs," the first number of which was published on May 1 of this year by the wartime information board for the Department of National Defence. The first issue ran to some twenty-five thousand copies; it was printed in England and distributed to the armed forces of Canada overseas. I have a copy of that publication here which hon. members may see if they wish. Following the publication of this first issue General McNaughton sent the board a telegram of congratulation.

Mr. WRIGHT: How often is it issued?

Mr. CLAXTON: It is issued fortnightly.

Mr. GRAYDON: Did my hon. friend say how that pamphlet was distributed?

Mr. CLAXTON: It is distributed to the armed forces in England and overseas.

Mr. GRAYDON: Entirely?

Mr. CLAXTON: Yes.

Mr. DIEFENBAKER: It is not a news distribution; it is instructional, for the Canadian armed forces overseas?

Mr. CLAXTON: Not instructional, informative.

Mr. DIEFENBAKER: That was the information I got, that it was instructional for the Canadian armed forces overseas.

Mr. CLAXTON: I am sorry; that is right, instructional in the informative sense. For example, the first number contained an article headed "Canada in the Fourth Year of War." That and other articles may be used by officers for the purpose of talks to their own men, and in that sense it is instructional.

Mr. STIRLING: Something like "Canada at War," only for use over there?

Mr. CLAXTON: Except that the matter in the numbers I have seen is much less limited to information and is devoted more to matters of opinion and to reporting on trends in Canada.

Mr. HANSON (York-Sunbury): Does it give any information as to the numbers and the activities of the home army?

Mr. CLAXTON: I have not seen any. Then in addition the board still publishes "Canada at War." This is a work that has been carried on from the previous agencies. Of this publication 93,000 copies are printed in English and 27,000 in French, which are sent out only in answer to requests. The mailing list is cleaned out every five or six months, by sending circulars asking if people want to receive the publication. If they do not, it is not sent to them any longer.

Mr. DIEFENBAKER: There is a question I have asked before in regard to "Canada at War" to which I have not yet received an answer. In January and February of this year this publication contained full information in regard to the intake into the armed forces, the operation of the call-up, the number of medical examination notices sent out, the number who answered the call, and general information with regard to the requisition, by military districts, of man-power; the numbers who reported for training and the percentage accepted as per requisition. That was very useful information; it gave a picture of the military situation in Canada; province by province, military district by military district, it gave a picture of the operation of the National Resources Mobilization Act. That has been deleted from the issues of March, April, May and June. I should like to ask the parliamentary secretary why it was deleted, and whether it is intended that this information is to be discontinued. I submit, Mr. Chairman, that this is the only way the people of Canada may know just how well the armed forces are being kept up to strength and how the provisions of the National Resources Mobilization Act are being applied.

Mr. CLAXTON: I am informed that the reason for the discontinuance, if it was a discontinuance—because everything that appears in one issue of "Canada at War" does not necessarily appear in the next number, since the information is varied from time to time—is that during this period, when the house has been in session, the information has been given to the house in various other forms.

Mr. HANSON (York-Sunbury): Not in that form.

Mr. CLAXTON: However, certainly the suggestion of my hon. friend will be considered.

Mr. DIEFENBAKER: Was that the reason for ceasing to furnish this information—because the house was in session?

Mr. CLAXTON: That is my information, because the figures were being given here.

Mr. DIEFENBAKER: But I thought this publication was for the information of the people of Canada, so that they would have in ready form the facts with regard to Canada's war effort. All the other information given in the publication continues to be furnished, with the exception of the information in regard to the man-power situation. I suggest that there must be some other explanation.

Mr. CLAXTON: I have no other explanation, but I shall make inquiries for my hon. friend.

Mr. GRAYDON: Then do I understand that "Canada at War" is primarily for the information of members of parliament?

Mr. CLAXTON: No; but during this period the information has been given in different forms, in frequent statements in the house by the ministers concerned.

Mr. HANSON (York-Sunbury): Just why was that information cut out—because it is very significant.

Mr. CLAXTON: For the reason I suggested. That is the only reason I know.

Mr. HANSON (York-Sunbury): That is not a reason at all; it is an excuse. That information was of great importance to members of parliament and to the people of Canada. It has been discontinued because it revealed certain things. I suggest that it was cut out because of the storm which arose as a result of what the figures showed, and we should like to have it put back.

Mr. CLAXTON: I have no information other than that I have given to the committee.

Mr. DIEFENBAKER: Will it be restored after the house ceases to sit?

[Mr. Deifenbaker.]

Mr. CLAXTON: I cannot assure my hon. friend of that. I can only bring his suggestion to the attention of those responsible.

Mr. GRAYDON: I think the responsibility is right here, not elsewhere.

Mr. CLAXTON: In addition to these publications, wartime information board issues a number of smaller publications, but, as I have indicated, the distribution is severely curtailed.

Mr. HANSON (York-Sunbury): Has there been any criticism of the contents or propaganda of certain of these publications. If so, how did that arise, and will it ever be repeated?

Mr. CLAXTON: I think the hon. member has reference to the publication *Nouvelles Catholiques*. There was some criticism in the house of one article which appeared in that publication. It was a short note, probably not more than five or six lines, put in by a subordinate as a filler.

Mr. HANSON (York-Sunbury): But paid for by public money.

Mr. CLAXTON: I can assure my hon. friend that that will not be repeated.

Mr. HANSON (York-Sunbury): All right; let it go.

Mr. CLAXTON: With regard to films: during this period the wartime information board has paid for a number of films which have been produced by the national film board. Altogether there have been some 74 films, representing a total cost over the period of $675,348.10. Those films have had an extensive distribution in the United States, Canada and other countries. For example the "Canada Carries On" series has had a nominal distribution in Canada of 2,250,000. It also was distributed to 96 different territories, including South Africa and other countries, and in twelve different languages. Those films had a non-theatrical distribution of over a million. The series "The World in Action" had a distribution of 2,250,000 in Canada. Eight of those films were distributed to 6,000 United States theatres, and three of them went to 500 United Kingdom theatres. In addition the wartime information board facilitated the production of a picture used in the victory loan campaign, of which 274 prints were made. It has produced posters and pamphlets. It has handled the visits of distinguished persons and visiting journalists such as I have indicated. It has cooperated with other government departments, notably with the public relations officers of the armed services, and

in other ways it has carried on much the same work that had been done by the division of public information in Canada, its predecessor.

A word with regard to staff. The staff to-day numbers 132. At the end of August, 1942, when the division of public information operated, there was a total staff of 158, including casual workers. So that the staff during this period has decreased by no less than 26. These 132 members of the staff are divided between nineteen abroad, and the remainder at home.

Mr. GRAYDON: Most of those abroad are in the United States.

Mr. CLAXTON: Eleven are in New York and three at Washington. The board is continually asked to take on extra work of a direct publicity character. It can do so only with additions to staff and additional money.

I ask hon. members to consider the size of the staff, and for a minute to compare it with the staff of the ministry of information in Great Britain which, as of February 1, 1943, numbered 2,824. At that time there were in other British government departments, staffs totalling 1,038; but to these figures should be added the staff of the ministry of information in the United States, totalling on April 21, 1943, a personnel of 537.

Mr. MacNICOL: Was that staff sent from Canada, or were they engaged in the United States?

Mr. CLAXTON: I am referring to the British Ministry of Information. So that if the British staff of 537 in the United States is compared with the Canadian staff of 14, the difference is at once apparent. The British staff in the United States is four times the total Canadian staff in all countries. The total British staffs engaged in this work stand at 3,361 or about 25 times the total staffs engaged in similar work in Canada.

Comparisons with the office of war information in the United States are difficult because of the recent reduction made in the office of war information. The last figures before the reduction showed a total staff of 4,800 of which 1,600 were engaged in domestic work. But to those should be added staffs of 153 government departments, totalling 2,895 full-time workers and 31,618 part-time workers.

The best information we have concerning Australia is that their information service carries a total personnel of 200. In South Africa it is 50. There are special reasons which will be appreciated by hon. members why the Canadian staff should be larger, rather than smaller as it is, in proportion to other staffs. For one thing, our country is wide in extent. Then, we have two languages. Forty-one members of our staff are French-speaking. In addition, we have to deal with our information needs in a nation of 130,000,000 people living next to us. So that it might have been understandable if the Canadian staff had been higher, in proportion, than the staffs of other countries. The fact is however that it is very much lower, in proportion, than the staff of any other country.

May I say a word with regard to salaries. At the time the wartime information board took over from the division of public information, salaries were approximately $20,000 a month. To-day, since adding the offices at Washington, New York, London and Canberra, with a staff of 19, and at a total cost per month of some $8,500 for overseas services alone, the total salaries roll per month is $22,000. So that despite these additions at New York, London, Canberra and Washington the payroll has increased by only $2,000 per month. In other words this additional service is being rendered at that small additional cost, while the actual cost of the additional officers in the four places I have mentioned is no less than $8,500 a month.

Mr. DIEFENBAKER: Perhaps we might clear up these points as we go along, if an interruption would not interfere with the hon. member's line of thought. Mention has been made on more than one occasion of the rather high salaries paid, referring particularly to the staff in Canada. Had the men who were connected with the wartime information board remained with the press, doing the ordinary work of the press, their salaries would have been very considerably lower than the salaries paid to men on the board carrying corresponding responsibility. Who fixed these salaries? In their fixation, why were they not frozen, as the salaries have been of men who have remained with the regular newspapers? We find however that salaries on the board are in many cases considerably higher. It would be interesting to know the basis upon which these salaries were determined.

Mr. CLAXTON: I was just about to come to that. The salaries are fixed on the same basis as any other salaries, that is that in no case does anyone receive any more than he got before.

Mr. GRAYDON: Oh, yes, I am quite sure—

Mr. HANSON (York-Sunbury): Perfect nonsense.

Mr. GRAYDON: I am quite sure my hon. friend would not want to make a misstatement. That is not the information that is generally accepted on that point.

Mr. CLAXTON: The information that is generally accepted is not accurate, because what I have just said is in accordance with the information I have received.

Mr. GRAYDON: May I ask my hon. friend a question?

Mr. MACKENZIE KING: Let the hon. member proceed; let him give his facts.

Mr. CLAXTON: I am quite prepared to discuss each case at any length my hon. friend desires, but that is the situation. The hon. member for Lake Centre, in two speeches he delivered, one on April 7 and one on May 19, referred to the salaries of nineteen officials of the board. I would point out that in some cases these men were first employed by the division of public information which was taken over by the wartime information board, and others were in the government service at the outbreak of the war.

Mr. DIEFENBAKER: To whom is the hon. member referring?

Mr. CLAXTON: I have five in mind. They are A. J. McKenna, Leonard Knott, Bruce West, E. G. Smith and N. Morant. There are two who are not officials of the wartime information board at all, Mr. J. W. G. Clark and Mr. Gerald Brown. These gentlemen are employees of the departments of national defence.

Mr. DIEFENBAKER: I did not refer to them as belonging to the wartime information board; I referred to them as belonging to other departments.

Mr. CLAXTON: I do not know how my hon. friend referred to them, but they would not be under the estimates we are considering at the moment. There were four who were appointed by the board to the staff at Ottawa and eight to the staff at Washington, so that there are twelve who were appointed by the wartime information board among those mentioned by the hon. member for Lake Centre. When Mr. Vining was appointed chairman of the wartime information board in September, 1942, he decided to get the best people he could for the job and he did succeed in getting a number of people to work for nothing or for expenses. He has told me, and I believe it to be true, that in every case he worked on the principle that a man should not receive more than he was receiving before. My information is that in every case that is what happened.

[Mr. R. B. Hanson.]

Mr. DIEFENBAKER: Does that apply to persons in the United States as well as those in Canada?

Mr. CLAXTON: That is the information which I have received from Mr. Vining. In his statements to the house on April 7 and May 19, my hon. friend gave the salaries of these various officials in Canadian dollars. Anyone reading those figures would think that the people were in receipt of sums of money which would enable them to buy that many dollars' worth of goods.

Mr. HANSON (York-Sunbury): That was in the government return.

Mr. DIEFENBAKER: I rise to a point of order. The figures I gave were in accordance with the return brought down to the house, and I accepted the figures given by the department.

Mr. CLAXTON: I do not suggest that the figures were wrong; I am explaining the figures given by my hon. friend and the form in which he gave them. Of course those were the figures which the public of Canada would be charged for these services, but in the case of the eight men working in the United States it must not be thought that they receive that amount of money. Actually they receive payment in United States dollars, and the purchasing power of that dollar is probably thirty per cent less to-day than it is in Canada for persons on an equivalent standard of living. I refer particularly to those in New York and Washington. They were not as well off as they would have been had they been working in Canada for the same salary.

Mr. GRAYDON: Would they have to pay as much income tax?

Mr. CLAXTON: That is a difficult point. I believe that all the temporary employees are subject to income tax in the United States, but not at the same rates as would apply in Canada. The permanent employees do not pay income tax in the United States, but there are only one or two in that class. That is taken into account in fixing the salaries. I will be glad to look into this.

Mr. GRAYDON: Is that not an answer to my hon. friend's argument when he tried to establish a point against the hon. member for Lake Centre? You must take into consideration the cost of living when you are dealing with a matter of this kind. I think my hon. friend had better leave it as it was in the first instance.

Mr. CLAXTON: I am willing to leave it that way, provided you take into account the

cost of living, the rates of pay and the income tax differential. If that is done I think without exception it will be found that these people working in the United States are worse off than if they were working in Canada and in receipt of the same salary.

Mr. HANSON (York-Sunbury): That is a matter of calculation.

Mr. CLAXTON: It is a matter of calculation, of estimation and of the difference in standards of living. But I believe it is true. As I have said, Mr. Vining endeavoured to apply, and I think succeeded in applying, the principle that no one should receive more than he got before. This is borne out by such investigations as I have been able to make.

Just a word in conclusion about the question of expenditures. On May 20, 1943, the hon. member was referring to the expenditures of the board, reported on page 2827 of *Hansard* as follows:

> The situation is this, that in the first year of the war the former war information board, the bureau of public information, expended $202,672; whereas this new body has expended, during a period of a little over six and a half months, the sum of $579,000.

And a little later on he said that there had been a tremendous increase in the expenditures on publicity under this board. That left the impression that there had been a tremendous increase in the expenditures of the board during the time the board had been in existence. The hon. member took the figure $202,672, the expenditures for the first year of the bureau, and contrasted them with the last six months. He might just as well have taken the year before the war and compared it with 1942-43, because in the year before the war there were no expenditures whatever. The board and the war were getting going. It was like comparing the pre-war expenditure of Canada on the war or on munitions and supply or on anything else with the expenditure in the current year. But comparing what is comparable, namely, expenditures in the year preceding the board, my hon. friend will see that in the year 1942-43 the estimates brought down under the war appropriation bill amounted to $1,345,500. The figure my hon. friend got in a return for expenditures during six months, pretty nearly seven months, was $579,000. If he will compare the expenditures of $579,000 with an estimate of $1,345,500, he will see that in the last six months during which the board was operating it was spending at a lower rate than was provided for in the estimates, and at a lower rate than that at which the division of public information was spending, which the board succeeded on September 9, 1942.

Mr. GRAYDON: That may only show that it was a reckless estimate.

Mr. CLAXTON: My hon. friend has no justification for saying that. It is not borne out by the facts. The estimate was not so reckless, because, despite the increased expenditures on films, the total expenditure for the fiscal year 1942-43 will be in the neighbourhood of $1,400,000 to $1,500,000.

For this year we are setting down in the estimates the figure of $658,000, a substantial decrease from the figure for last year. That decrease is in part effected through the expenditure formerly provided for of $575,000 for films being taken into the estimates of the national film board. It was thought that that was the better way to do it. In addition there have been decreases right from the beginning of the wartime information board on September 9, 1942, and the proportionate part of the expenditure for the fiscal year 1942-43 expended since the institution of the board on September 9, 1942, is less than it should be, taken for the full year. So that my hon. friend's accusation of very high and rapidly increasing expenditures is not borne out, if it is related to the period immediately under review and the period preceding it, as it should be.

Mr. DIEFENBAKER: I cannot follow my hon. friend's mathematics at the moment, but I should like information in connection with the expenditure. The total expenditure, as the hon. gentleman mentions, for the first six and a half months, was approximately $579,000.

Mr. CLAXTON: For the last six and a half months.

Mr. DIEFENBAKER: Prior to the first of April.

Mr. CLAXTON: Yes.

Mr. DIEFENBAKER: The details are: salaries, $119,209.26; travelling expenses, $21,-194.76; printing of pamphlets, $32,405.54; radio programmes, $11,765.28. Those are the particulars except for what is called possible expenditures, including office stationery and printing, amounting to $391,775. That is the big item, and I think the committee should have a general analysis of that very large figure for miscellaneous expenditures. While I am on my feet there is something more.

Mr. CLAXTON: May I finish? I am nearly through. I shall be glad to put that break-down on *Hansard*, with the consent of the committee, if my hon. friend wants it.

The main reason for the difference, of course, is that the return did not ask for information that brought out specific expenditure on motion pictures. The expenditure on motion pictures during that period was $261,073.03. That will give my hon. friend the information he wants almost in a sentence, and clear up this very large item to which he refers, which undoubtedly puzzled him.

The budget that is being asked for is $658,000, and if increased demands are made on the board for additional work, I have no doubt that sum of money will not be found to be sufficient. Additional staff will be required. But that is the figure that seems to be sufficient now. If we compare that figure with the expenditure on the previous year's operations of the combined division of public information and the wartime information board we will see that it represents a considerable decrease, a decrease of between $100,000 and $200,000, in addition to the decrease credited to films alone.

There is no better way of judging the usefulness of expenditures of this kind than by seeing that we get value for the money expended. I submit to this committee, and I think now I can submit to anyone else with confidence, that the value of the work being done by the board abroad and at home shows that this money is well spent. It was spent to meet a need that was felt before, and which would immediately exist again if it had not been met by the board. The events of the last few days indicate how useful has been the cooperation of the press relations officers, the press associations, the correspondents of newspapers overseas, with the wartime information board at various points in the background, in seeing that the people of this continent got early news of the landing in Sicily, and also that the statements which were made have afterwards received early and favourable notice in the United States both in the press and over the radio.

Mr. GRAYDON: Is the wartime information board taking credit for all that?

Mr. CLAXTON: I did not suggest that. I said it had contributed to it by its work in the background, by making arrangements.

Mr. MacNICOL: The newspapers would have got it if there had been no board.

Mr. CLAXTON: Honestly I cannot think that. Contrast the treatment that has been given in the United States, for example, to other stories that have broken, and you will see that something has happened.

Mr. GRAYDON: If you get a good story the press will see that it is distributed.

[Mr. Claxton.]

Mr. CLAXTON: There have been good stories before which did not receive the attention they should have. I do not suggest that there is anything miraculous about this, but there has been hard work in the background.

Another method of appreciating the work of the board in addition to the value received, is to compare the work of the board and the expenditure of the board with the work done by other agencies. If my hon. friends would think of the proportionate figure of expenditure on the wartime information board in Canada and on corresponding agencies in Britain and the United States or Australia, and relate them in some way that is fair—I suggest to them the total expenditure on war—they will arrive at some astonishing figures.

Mr. DIEFENBAKER: In making that comparison you would have to take into consideration the officials connected with information branches in the Department of Finance, the Department of Labour, the Department of Munitions and Supply, the Department of National Defence, the Department of National Defence for Air, and the nineteen press agents connected with the wartime prices and trade board. Has the minister a record of the expenditure being made by press units in these various other departments? That is the only way to get a fair comparison.

Mr. CLAXTON: I have taken that into consideration very fully, and the hon. member will find that in Canada the number of such outside officers, outside the regular wartime information board, is very much smaller in proportion than the number of outside officers in every other country. The figures I will give exclude those outside officers in all countries. I think that was the right way to do it.

Mr. DIEFENBAKER: Has the parliamentary assistant a statement with regard to expenditures for information in these other departments?

Mr. CLAXTON: That was filed in a return to the house, P.C. 216. Information was given with regard to all civilian employees, and the rank and allowances were given for all men in the armed services. I have information about that, but my hon. friend will realize that that is a matter for the departments of defence. I could give the total number on the payroll but that is not what he wants.

Like all other comparisons, the one I am giving is perhaps open to question, but it is the simplest one we can think of and it is a fair one. In the United Kingdom the proportion is one to 615; that is, £1 out of every £615 of war expenditures goes to the information

service. In the United States it is one to 906; in Australia one to 4,000, and Canada one to 6,500. If another method of comparison may be given it is the amount spent.

Mr. GRAYDON: My hon. friend suggested originally that the test was not the amount spent, or the comparable amount in relation to general war expenditures, but the value received. If he is to use one argument on one occasion, he should use it on the other.

Mr. CLAXTON: The hon. member is a lawyer, and he knows that when it comes to a valuation case and the determination of what is of value the court will look at all the considerations that bear upon it. That is the only way of doing it here. I am advancing this in all fairness for the consideration of the committee, and I suggest that there is another method, which is of course open to objection because we are not in business. If my hon. friend compares the amount spent on advertising by large companies in Canada, he will find that the wartime information board is very modest indeed. There are from eight to ten companies in Canada to-day that spend more than the wartime information board on publicity.

I can only add this. There has been some talk about the quarters at the supreme court building, and if hon. members want to see the quarters occupied by the information board they are welcome there. Nothing has been spent on fitting them up. There is not a rug in the place.

Mr. GRAYDON: Any chesterfields?

Mr. CLAXTON: No chesterfields that I have seen. It is one of the most uncomfortable places to work in that I have ever been in. They work under exceedingly difficult circumstances.

In conclusion, I was asked to make one disclaimer. In the previous debate the Hon. Philippe Brais, vice-chairman of the wartime information board, was taxed with having an interest in some publicity firm or publishing house which, the implication was, dealt with the government.

Mr. GRAYDON: Who made that charge?

Mr. CLAXTON: One of the hon. members, the member for Témiscouata (Mr. Pouliot). Of course, the hon. member for Témiscouata must be misinformed, because Mr. Brais assures me that he has no interest in any publishing house or publicity house or advertising house or anything of the kind, or anyone else, having such a relationship with the government. Anyone who knows Mr. Brais' distinguished services, as chairman for Quebec of the national war finance committee, will know that no other word than this is needed to meet a remark that must have been based on totally incorrect information.

Considering the lateness of the session, we have adopted perhaps an unusual course in giving what I hope hon. members will recognize as a very full account of the work of the board. We have done so because it was brought up in discussion before and there has been misinformation about the wartime information board. I hope that in consequence of what has been said it will be recognized that work of real merit is being done by public-spirited servants of the people of Canada who are anxious to serve their country and who are doing a splendid job. I hope that members of the house, the press and the public will not only appreciate that, but support it in every way they can, not merely by helpful and constructive work, but also by their criticisms.

Mr. GRAYDON: The hon. member has made out at least a prima facie case, or perhaps I should say he has advanced arguments in a rather weak case, but the way in which he has handled it suggests that perhaps he has made the best of the job and I congratulate him upon that score. Farther than that my congratulations cannot go. This is the first occasion on which he has discharged such duties as a parliamentary assistant, and we do appreciate his courtesy in face of the interruptions, which were rather numerous but which were made because we desire some further information. It is difficult in committe of the whole to get the information that is really required with regard to the wartime information board. To paint a picture such as the hon. member has done is not a very difficult matter, but under some rigorous examination such statements are not always apt to turn out in the way that the parliamentary assistant may expect.

May I ask one or two questions with regard to this matter. The hon. gentleman has made some reference to the desirability of getting the best men for the jobs. Without intending any reflection on the choice made, I think we ought to know the underlying reason for the appointment of Mr. John Grierson as the general manager of the wartime information board. I should like to know what his qualifications are from the point of view of newspaper publicity, for instance. I know something of his qualifications in relation to some of the government departments, but I should like to get that information as well as information with regard to salary and expenses as well as living allowances to which he is entitled and which he will be paid as general manager.

Mr. CLAXTON: The Prime Minister in his opening statement referred to Mr. Grierson's general qualifications. Mr. Grierson, as everyone knows, was born in Scotland. That is not against him. He received his education there, supplemented by training at the university of Chicago, and extensive work in the field of public information, particularly as related to the United States. He was engaged in film work on this side, and then he returned to England, where he became one of the pioneers in the field of documentary films and government publicity in general, working for the Postmaster General in England. I daresay there is no man engaged in the business of government publicity anywhere who has been at it longer than Mr. John Grierson. He has spent his whole life in that field since leaving the United States at an early age. In the field of documentary films he has achieved an international reputation, and his work has received the academy award known at Hollywood as an Oscar.

Mr. GRAYDON: That is quite an award.

Mr. CLAXTON: Yes, there is nothing higher in the world.

Mr. BRUCE: The Order of Merit?

Mr. CLAXTON: In the world of films. Since he has been in Canada Mr. Grierson has made this success with films. As hon. members may have gathered, he is exceedingly interested in the whole subject of public information; he is a specialist in it. When Mr. Vining had to resign on account of ill-health, Mr. Vining himself looked about for a suitable successor and recommended to the government the appointment of Mr. Grierson. Mr. Grierson was persuaded to accept that task, on partial loan from the national film board. He receives no salary from the wartime information board; he receives his salary from the national film board. He receives only actual out-of-pocket travelling expenses from the wartime information board. His work with the national film board is, I think, well known to hon. members.

Mr. GRAYDON: The salary of the general manager is not included in the estimates of the wartime information board?

Mr. CLAXTON: No, any more than it was with Mr. Vining, who was giving his services free.

Mr. GRAYDON: Will that mean that a number of men are attached to the wartime information board whose salaries are in other estimates and would therefore swell the amount of the total expenditures?

[Mr. Graydon.]

Mr. CLAXTON: I do not understand my hon. friend when he suggests that people who are working for and at no expense to the wartime information board swell the amount of its estimates. There are five people working for the wartime information board who are not paid by it.

Mr. GRAYDON: Yes, but they are paid out of the same pocket.

Mr. CLAXTON: Oh, no.

Mr. GRAYDON: Oh, yes.

Mr. CLAXTON: There is Mr. Crandall, who has retired as president of British United Press; Mr. A. D. Dunton, editor of the Montreal *Standard*; Mr. Sedgwick and Mr. Campbell, who are in receipt of a living allowance in New York and Washington, but whose salaries are paid by their companies in the same way as Mr. Dunton's is. I think those are, with Mr. Grierson, the five I had in mind.

Mr. GRAYDON: The reason why I inquired was that I was under the impression that there were a number in Mr. Grierson's category who were paid by the government in another department, but whose salaries would not appear in this particular estimate. Perhaps that should be cleared up.

Mr. CHURCH: I have been watching this particular department ever since this war started. It has been under several ministers, and I do not see how the parliamentary assistant can succeed with it at nearly the end of the fourth year of the war, after others have failed.

We do not need all this advertising in the United States. Britain tried it for a hundred and forty years, and did she educate them over there? No; they were isolationists for two years after the war began. This work was formerly in charge of the Minister of National War Services, now Mr. Justice J. T. Thorson. The similar organization in England is the most controversial government body in the old country to-day. It is linked up with the BBC, and both are continously under fire in the British House of Commons on the ground that much of the information they disseminate is not information at all.

What have we in connection with this organization? Its spokesman here is the present parliamentary assistant, who made an address in the house, of which I have taken note, on May 29, 1942. I am not permitted to read from this address this session, but I can tell you that only last week or this

present week one of the editors of the Montreal *Standard* was appointed by the parliamentary assistant to an important position in this branch.

Before this war started, I called the attention of the house, when I was sitting at this end of the chamber, to the need of educating first our own people in Canada and of giving them information before giving it to another country, even our great ally to the south.

The British office of information started in the early days of the war and was in charge of various ministers before being entrusted to Mr. Brendal Bracken by Mr. Churchill. They went to work and scattered over Germany millions of tracts and treatises as war information with the idea of trying to convert the German people. The campaign was so ridiculous that it failed. Then they worked the same thing with the BBC, one of whose heads, Mr. Peterson, had remarked a month or two before the war started that anyone preaching rearmament should be put in gaol and fed on bread and water. Would that Kipling were alive to-day! I believe he lived in the United States for over twenty years, and he could give more information about publicity in relation to our own nation and that of our great ally than anybody connected with the wartime information board.

The question is, what is information and what is not information? Who is to judge? Is it to be some member of the government or every member of the government? If its purposes are to dispense information, it should be non-political; it should be concerned wholly with the war. The complaint and the main attack made in the British House of Commons was that the propaganda to supply information and convert the people of the United States was political and was valueless. Money spent on this kind of propaganda is simply wasted.

As I said before the war started, when we were in the tide of the status campaign which began ten or fifteen years ago, Canada was a nation on the front pages of the United States magazines and at five o'clock teas and ten o'clock dinners in Washington, and by status we had got nowhere before the war.

If we want to distribute information, let us start with Canada and supply information to our own people. Ask any citizen of this country whether in the three years before the war and during the war we have not received less information than any other people. After all is said and done, it is the function of the press and not of the government of the day to give to the public this sort of information. The very fact of the establishment of this branch of government shows lack of understanding and appreciation and of confidence in the function of the press. What do you do? You go to work and summon and appoint editors from all over the country. Some of them come in for a month or two and then resign. You bring them from the coast, the prairies, the east, and other places to gather information. Information as to what? As to the conduct of the war? Take as an illustration the Dieppe raid. Why should all these textbooks be written? Department stores are full of these productions, and parents of boys who fell at Dieppe tell me that they object to the class of information contained in books written by men some of whom were away out in the English channel and not on the shore at all during the engagement.

This kind of thing did not go on in the last war and it should not be encouraged now. When information should be given, the appropriate government officials representing the army, navy and the air force overseas should, under proper regulations, supply it to the proper authorities at the front and let it be sent across the ocean to Canada.

Before the war started we could get no information at all. As I said in this house on March 21, 1939, quoting the words of Prime Minister Chamberlain at that time, if the people are not allowed to know the facts; if they are given only so much as their rulers want them to know, then we are embarked on a course fraught with grave consequences to the people of this country, should war come.

As I have said, I read the recent remarks of the hon. member for St. Lawrence-St. George. I also read in the Cleveland *Plain Dealer* an address he made about May last during his visit to the United States. I keep in touch with press reports through the reading room and otherwise; in fact I have looked over five or six hundred newspapers since the war started, and I can tell the minister as regards the money he is spending to convert the people of the United States, that if it is conversion he wants, he is going the wrong way about it. All the money you spend in connection with United States weekly and daily newspapers from coast to coast in regard to this information is wasted. After all is said and done, things are not the same as in the last war. We have failed to understand the commercialization of the press that has occurred in the interval. Often the great dailies in London, New York and other cities sit on the fence and do not take sides because they do not want to be unpopular. We have failed to notice the extent to which the great weeklies of this country, who are the backbone of independent thought here, have been driven to the wall in these days of war economic stress. With regard to most of this

material that is given out about the war, I would not call it information at all. Would any historian take the views expressed by the parliamentary assistant the other day.

I do not wish to delay the Prime Minister's estimates, but I do not see how the parliamentary assistant can hope to make a success of this branch at this late stage of the war, when three or four other ministers have failed with it, and when the corresponding organizations in England and the United States are continually in hot water. I hope that during the recess of parliament the whole department will be abolished. Let the press do all this work and get its information about the war from the army, the navy and the air force; let it fulfil its function, as it has since time immemorial, in peace and war alike, and transmit the information to the citizens of this country.

Mr. CLAXTON: Perhaps I should reply to one or two points which have been raised. First, I find that I misinformed the committee in regard to the matter of income tax, which was raised some time ago. The situation is that two members of the staff of fourteen in the United States are residents of that country and pay income tax there. One member of the staff was an employee of the British government when taken over by the board, and for some technical reason he may not be liable to tax in the United States. The other eleven members of the staff pay Canadian income tax on salary and allowances, so that a good deal of the discussion we had previously might have been obviated if I could have given the leader of the opposition this information, which of course fortifies my position very greatly in regard to the salaries of the employees in the United States.

The hon. member for Lake Centre asked a question in regard to how some fourteen jobs were ordered by the board and what control was kept over the editorial work done on them. In those cases the work was actually done for the board by people expert in that work; the board assumed full responsibility for it; there was complete control throughout, and a small fee was paid for the services rendered.

In reply to the hon. member for Broadview, I can only say that his understanding of the situation with respect to information in Great Britain is not up to date. By all accounts the present minister is making an extraordinary success of his job. The debates in the House of Commons, which I have followed and which I have in my hand, are full of compliments to a minister who is doing a difficult job and doing it exceedingly well. Far from the flood of leaflets over Germany being stopped, it has been multiplied almost a thousand-fold, and is known to do exceedingly good work. The work of the ministry of information in England is more appreciated to-day than it has been at any stage of the war.

Mr. BRUCE: May I ask the parliamentary assistant if the wartime information board has in its possession a German motion picture film of Dieppe? I understand that this film is being shown in some of the training camps of the United States, and I wondered if they had a copy of it and if it would be shown here.

Mr. CLAXTON: I never heard of it; certainly it is not in the possession of the wartime information board. It is possible that the film board may have such a film, and I am sure my hon. friend could obtain that information, or I shall be glad to get it for him, from the film board.

Mr. BRUCE: The Prime Minister stated that the public have a right to know everything connected with the war, so that at this time I purpose making a few remarks arising out of what has happened within the last day or two, though I had no intention of participating in this debate. He also stated that the information brought out in parliament is a contribution to the wartime information board, and that parliament was a free agency for bringing out facts concerning various aspects of the war effort. Therefore I think nothing can be more important than to give the public information in regard to the attitude of various members of this house in respect to external affairs, and particularly towards the views expressed a few days ago by the parliamentary assistant. It is desirable that the people should have full information as to public opinion in Canada in regard to our war effort and related matters. First I wish to commend the hon. member for Lethbridge for the splendid speech he made yesterday, in which, among other things, he expressed the hope that we would do more than utter fine sounding phrases.

Mr. MACKENZIE KING: I do not wish to interrupt the hon. member, but I should like to remind you, Mr. Chairman, that the discussion on external affairs has been completed. During that debate the hon. member had his opportunity to discuss any aspect of external affairs, but if this parliament is going to get through with its business in a reasonable time I submit that we cannot conclude the estimates of one department and later commence a fresh discussion of those subjects already completed.

The CHAIRMAN (Mr. Golding): I would call the attention of the hon. member to the fact that we are now discussing the item having to do with the wartime information board. What the Prime Minister has said is absolutely correct, and we must confine our discussion to this item.

Mr. BRUCE: That discussion closed when I was not here, though of course that is my fault.

Mr. MACKENZIE KING: I submit that my hon. friend should abide by the rules of the house.

Mr. BRUCE: I do not wish to delay the proceedings for a moment. I had intended to speak only for about five minutes, but I shall take the opportunity of doing so on some other occasion.

The CHAIRMAN (Mr. Golding): We must confine our discussion to this particular item.

Mr. GILLIS: I am not going to delay the committee for very long, either, but I want to compliment the parliamentary assistant upon his presentation in behalf of the wartime information board. When the question of appointing assistants to the various ministers was brought up, the members of this group felt that there was absolute necessity for this step being taken, and I think the way in which the hon. member for St. Lawrence-St. George is handling the matter before the committee this afternoon fully justifies his appointment.

Much could be said on the subject now under consideration. The hon. member for Broadview emphasizes the fact that the dissemination of information to the public is largely the business of the press. My personal observation is that if what we have been getting in the press for the past three or four years is any indication as to their ability to educate the public, then I am all for setting up some other agency which will see to it that the public gets all the facts in respect of any matter requiring publicity. I read all sections of the press. I have heard discussions in the house of matters of which we have intimate knowledge, and one would not recognize those discussions as they are given to the public through the medium of the press. If the press is to retain the confidence of the public and a place in the future of our country, then regard will have to be had to many sections of it, to see that it gives the public frankly and without any reservation the facts disclosed, so that public opinion may be moulded in accordance with actual conditions.

Replying to the hon. member for York-Sunbury, the parliamentary assistant said that the main function of the wartime information board was to send propaganda to the people of the United States. I believe such an observation would be misleading to the public. To-day the average person associates propaganda with totalitarian countries. Those countries have used the word "propaganda" to the world at large in order to sell something to the people which actually did not exist. They have tried to build their machines into machines representing freedom and democracy, so that propaganda in the mind of the average man leaves the impression that we are trying to sell him something phony.

In my opinion the main function of the wartime information board is to tell the people of the United States the truth about what is going on in Canada, so that we may be able to get together on a basis of mutual understanding of what is taking place. I believe the wartime information board is and has been performing a useful service in this time of war.

Then, I have kept in close touch with what has been done by the national film board. I believe the chairman of that board, Mr. Grierson, is doing an important job in an important educational field. In my view visual education is the greatest medium of educating the public. I have seen many of the films produced by the film board since the outbreak of war. They have endeavoured to inform all the provinces in Canada of what is actually taking place, in order that Canadians may see each other in their respective provinces and in their various endeavours, so that the economic operations of all might be carried on more effectively. I believe I am speaking on behalf of this group when I compliment the national film board upon the job it is doing.

Mr. DIEFENBAKER: I should like to make a few comments following the explanations by the parliamentary assistant. My observations will deal more particularly with my experiences on my recent trip to the United States. I believe what I learned at that time should be brought to the attention of the Prime Minister, with a view to having certain changes made which in my opinion would materially improve our relations with the United States.

The parliamentary assistant made a comparison between expenditures in Canada and those in Great Britain and the United States. I fail to see the significance of such comparisons. In the matter of propaganda, a process which to-day assumes greater proportions than ever before, there are three phases. The first is that of the home front; the second concerns

friendly or allied nations and, so far as Canada is concerned particularly concerns the United States of America. The third phase is that of operations by way of propaganda directed against the enemy. In other words information may be divided into two groups, one offensive and the other defensive. The operations of the wartime information board in Canada are not of the offensive type, in that they are not primarily directed against the enemy, whereas Great Britain and the United States have to build up a counter-propaganda system against axis nations. We in Canada have not had to do that to any extent, but Great Britain must answer the propaganda of the enemy nations. That accounts in large measure for the difference in the expenditures made by information boards in England and in Canada.

I believe there is no more important branch than the wartime information board. Recent history has shown that the failure to answer enemy propaganda in allied countries, however implausible that propaganda may be, may result in dangerous divisions taking place. What Canada needs more than ever to-day is direct and truthful propaganda used as an antidote against some of the false propaganda being circulated.

If I remember correctly, the Prime Minister pointed out this afternoon that the United States has not at all times had a full appreciation of Canada's constitutional position. I feel, too, that she does not appreciate the many facets of the war effort of this dominion. There is nothing more important to-day than our relationship with the United States, owing to the fact that she is a great allied nation and our nearest neighbour. Our relations must be based upon an appreciation of what each nation is doing, and to that end the people of the United States should be told what Canada is doing in the war.

In Canada we hear every day what is being done in the United States. That information comes to us over the radio, in the newspapers and in the magazines published in the United States. However, in the short time I was there I found there were Americans in public life who had insufficient knowledge of the fact that last year this parliament made provision for a billion-dollar transfer of goods to Great Britain—the so-called gift. What is more, they have little or no knowledge of the billion-dollar mutual aid bill recently passed in the house. While the parliamentary assistant has said much regarding the improvement in conditions in the United States, so far as war-time information is concerned, I say there is plenty of room for a great improvement and for a wider dissemination of news regarding our war contribution. A moment ago my hon. friend mentioned the number of press references that had been made, I believe it was something like four hundred in the last—

Mr. CLAXTON: The minister gave those figures from Mr. Givens' letter. He said it had increased 400 per cent within a very short period.

Mr. DIEFENBAKER: There is still room for greater endeavours in the furnishing of information to the United States. A short time ago the hon. member for Cape Breton South (Mr. Gillis) said that the wartime information board was needed in Canada to disseminate information because the press was not doing its duty. That was the inference to be taken from his remarks. I submit that the press in Canada or the United States does not require the assistance of any board to point out the news that is worthy of dissemination.

Mr. GRAYDON: They know better than anybody else.

Mr. MACKENZIE KING: My recollection is that among the persons who were most interested in having a war information board established, and who pressed most strongly for it, were the editors and publishers of most of the large papers in this country. I know from the pressure that was brought to bear on me by the press it was made clear that the members thought there should be an information board to do the very thing the parliamentary assistant has referred to to-day, namely, to facilitate the press in getting information that it needed.

Mr. DIEFENBAKER: That merely bears out my argument. The lack of interest in the United States in what Canada is doing is owing to the fact that we had no general and efficient method of disseminating news until October, 1942.

Mr. MACKENZIE KING: I know my hon. friend will not mind my interrupting him, because it is only a matter of having the right information. He must recall that until the United States was actually in the war there was in the United States a strong feeling against any attempt on the part of Canada to influence the people in a way which might be held to be political, namely, to make from Canada by way of propaganda an effort to bring the United States into the war. It was held the reactions might be serious. I am justified in saying that I was asked by the highest authority in the United States to see that great care was taken to avoid making

any move by which it could be said that the government of Canada was trying to influence public opinion in the United States with a view to having the United States brought into the war against its will. All of that had to be carefully considered before Canada was justified in appointing any board for the purpose of distributing information in the United States with regard to the war.

Mr. DIEFENBAKER: All that the Prime Minister has said would apply prior to December, 1941, prior to Pearl Harbor, but after that date there was a hiatus until October, 1942, during which period little information was given to the people of the United States. It was only in October, 1942, following the pressure the Prime Minister says he received from editors and, I would submit, from members of this opposition also, that there was an extension of facilities in the United States. While we in Canada have been able to learn what the United States effort is, I repeat that in the United States there is not the knowledge of our war effort that there should be.

I think the limitation upon holding conventions in and tourist traffic in Canada should be removed. The matter of exchange is not so important to-day as it was at the time tourist traffic was almost excluded from this country. The United States and Canada are working together under mutual aid schemes and lend-lease, and the need for the restriction of tourist traffic is not as great as it was previously. There is nothing so beneficial to the relationship between countries, especially countries lying side by side, as the interchange of ideas consequent on the visit of tourists. I submit that something should be done to remove the present almost impregnable wall that exists in Canada against visits of United States tourists.

Mr. MacNICOL: Give them more gasoline.

Mr. DIEFENBAKER: The hon. member for Davenport suggests that consideration should be given to granting an extra allowance of gasoline to tourists. I would suggest also that public speakers from Canada should be permitted and encouraged to go to the United States. At one time there was a speakers' bureau which arranged for the payment, in whole or in part, of expenses of speakers going to the United States. I understand that this has been done away with, but I speak subject to correction. In the recent visit to the United States of some members of this house we found that the people there are anxious to know about Canada and about our war effort. I submit that there would be no better way of doing this than to remove the unnecessary financial regulations in regard to tourist traffic and to encourage the holding of conventions in Canada and the arranging for speakers from Canada to go to the United States. I make these suggestions because I believe there is nothing so necessary to-day as the dissemination in the United States of selectve information, truthful information and, finally, the repetition of the information that is being distributed. This must be done in order to refute and combat misinformation which breeds easily and is a productive source of difficulty as between nations.

There are other observations I intended to make, one of which has to do with our soldiers overseas. To-day they are not permitted to receive newspapers. I realize that for a time this was necessary, but I contend that the best way the soldier overseas can be prevented from becoming homesick is to be made aware of what is happening on the home front. There should be a restoration to him of the right to secure Canadian newspapers. If that cannot be done, the wartime information board should establish a weekly or monthly publication which would set out what is happening in Canada. The parliamentary assistant, who has displayed the essence of courtesy in the way in which he has answered questions to-day, has sent me over a copy of "Canadian Affairs". This is a new pamphlet published for the Canadian army overseas by the wartime information board. It is entitled "Canada in the Fourth Year of War", by B. K. Sandwell, and I am going to refer to it.

Mr. CLAXTON: I wonder if my hon. friend would allow me to supplement the information I gave. I have just learned that the Canadian Press overseas print virtually a newspaper, a digest of the news in Canada, which is cabled over and distributed to the troops overseas and deals with the aspect of things near home. "Canadian Affairs" is intended to deal with a different kind of thing, with background, trends and tendencies. It is material in the nature of magazine material.

Mr. DIEFENBAKER: Then the Canadian Press was found sufficient and worthy of the distribution of the news overseas to our soldiers. The information branch apparently is not occupying the position of the Canadian Press in that regard. Now I come to "Canadian Affairs".

Mr. CLAXTON: The wartime information board does not edit any news. That is not its business. That has been pointed out time and again. Its business is to facilitate the flow of news.

Mr. DIEFENBAKER: It either gives news or it does not. A while ago the position taken by the parliamentary assistant was that by

reason of the activities of our wartime information board in the United States the press of the United States had been made aware of outstanding events that should be given general distribution in that country, and in consequence news of importance to Canada received distribution in the press of the United States. But now he says, no.

Mr. CLAXTON: I am sorry, but there is no inconsistency whatever. What I said was that the Canadian Press and the United Press, the two agencies in Canada which have correspondents in the United States, send news to the United States. The wartime information board does not originate news. It is not a news agency.

Mr. DIEFENBAKER: Does it edit the news?

Mr. CLAXTON: No, it does not edit it. The news is sent down by the agencies over their wires to their correspondents in the United States, the Associated Press and the United Press, and it gets into the United States newspapers through the news service giving it distribution. The services of the wartime information board are in facilitating the flow of news at every point. It does not have anything to do with the collection of news or the direct distribution of news. It is a service that it is rendering, facilitating the flow of the news.

Mr. DIEFENBAKER: Then we are down to this. So far as the wartime information board is concerned, in the United States it runs a service in cooperation with the regular press services by directing the attention of the United States newspapers to available information.

Mr. CLAXTON: Yes, and making available to them background information, and doing all the other things I have described.

Mr. DIEFENBAKER: Then it does not discharge its responsibility in the United States of America to-day.

I have in my hands the pamphlet, "Canadian Affairs", which the parliamentary assistant says is information for the troops. What does the pamphlet itself say? The title on the cover is, "Canada in the Fourth Year of War". And underneath that it says, "Not to be reprinted in whole or in part without permission of the wartime information board of Canada." On the back cover it says:

> Articles which appear in "Canadian Affairs" should be regarded as expressing the views of the individual Canadians who write them. These are not necessarily the views of the Department of National Defence, the wartime information board, or any other government authority.

[Mr. Diefenbaker.]

Therefore the information that is given in "Canadian Affairs" for the benefit of soldiers overseas may be propaganda of the worst kind, and I use the word "propaganda" in the sense of political party propaganda.

Mr. MACDONALD (Kingston City): It might be the reverse!

Mr. DIEFENBAKER: It is expressly stated that the views expressed in this pamphlet are not necessarily the views of the wartime information board.

When I look over the pamphlet I find that it tells the story of Canada in the following manner:

> I. Things are not the same.
> III. Money Doesn't Talk.
> IV. Union Recognition. With labour thus debarred from using its highly advantageous position for the purpose of getting higher wages, it became necessary to make many important concessions to the wage-earning classes in other directions.
> VI. The Balloon Tugs at Its Rope.
> VIII. Exit the Millionaire.
> IX. Higher Taxation Here to Stay.
> X. Where are the Reapers?
> XIII. Stay Where You are.
> XV. Conflict of Authority.

My submission, Mr. Chairman, is that the information covered by "Canadian Affairs" is not the type of information that should be sent to the men who are overseas.

Mr. MACKENZIE KING: Would my hon. friend allow me to give the opinion of General McNaughton of the very number from which he has just read? The following message I am informed was received from Lieutenant-General A. G. L. McNaughton by Major-General H. F. G. Letson, Adjutant-General.

> I have just seen volume I, number I, of "Canadian Affairs" which I have read from cover to cover with greatest interest. On behalf of army express sincerest thanks to those responsible for production. This issue and the others forecast will meet a need we have long felt.

Mr. DIEFENBAKER: That still does not answer what I say, namely, that the information given in the form in which it is given may operate as nothing but party propaganda. I quote the heading of another article in "Canadian Affairs." It is as follows, "The Home Front in Review," and it deals, among other things, with:

> Putting the "Conchies" to work. Another item in the man-power field came when Hon. Humphrey Mitchell, Minister of Labour, announced plans to put conscientious objectors on farms and into essential industry—if they refuse such employment, they will be sent to "alternative service" camps. Only 3,401 postponements of military training have been granted on grounds of conscientious objection.

That is not objective news, Mr. Chairman; that is news commented upon.

Mr. CLAXTON: I have just explained that this was not intended to be news; that news is dealt with in another way. This material is in the nature of magazine material. My hon. friend cannot make anything out of this. There is nothing that has not been explained to him.

Mr. DIEFENBAKER: This pamphlet is not in that position at all. It is given to the officers overseas who are instructed to give talks based on it to their men. It says:

> Don't read the pamphlet to your men. They would be bored in three minutes. But quote liberally sections that make stimulating listening.

Mr. CLAXTON: Has the hon. member any objection to that?

Mr. DIEFENBAKER: I am just saying that in the form in which it is given, what is in this pamphlet may very well amount not to proper information but to actual propaganda for party purposes. That is what I am objecting to.

The ACTING CHAIRMAN (Mr. Golding): I wonder if hon. members would consider passing this item now so that we might relieve the Prime Minister? Shall the item carry?

Some hon. MEMBERS: No.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. GRAYDON: In the committee on radio broadcasting, which brought in its report at the end of the last session, some time was taken up in considering the question of the dissemination and perhaps the channelling of news and information from various departments of government. The parliamentary assistant was a member of that committee and took an active part in its work. He will recall, as will other members who took part in the committee, that evidence was adduced there indicating that some change was in the mind of the government looking to a more effective channelling of information coming from various governmental departments to the Canadian Broadcasting Corporation. What I wish to refer to is not related to press publication but rather to the radio.

There was evidence before the committee on one or two occasions that there was no real coordination in regard to information from various government sources—the wartime prices and trade board, the Department of Trade and Commerce, the Department of Agriculture and other departments—but that these departments, by a more or less hit-or-miss method, were competing, or at least that there was possibility that they might compete, for time on the Canadian Broadcasting Corporation network. Some intimation was also given by those who gave evidence that the government had in mind at that time extending the work of the interdepartmental committee which was set up, I believe, under the chairmanship of the Hon. T. C. Davis, who was later appointed as Australian minister. That interdepartmental committee's workings have been spoken of from time to time in the committee itself, and I was wondering if the hon. gentleman could tell us whether it was working in conjunction with the wartime information board, which had been set up since the radio committee had brought in its findings.

May I quote from the Ottawa *Journal* of April 3 of this year, from an article under the title, "John Grierson defends work of war information board". At one stage of his observations he states:

> Each department of government had its own information service issuing material to the public. W.I.B. is not immediately concerned with these services, but has the duty of seeing to it that, in consultation with the departmental officers concerned, wastage of effort is kept within limits, campaigns are related and contradictions avoided.

That seems to put the matter on all fours with what was discussed in the radio committee at the last session of the house. I was wondering if the parliamentary assistant could give some information concerning the relationship between the wartime information board's activities and those of the interdepartmental committee, or whether the wartime information board has taken over the work of that committee.

Mr. CLAXTON: The question of coordinating the activities of the various information services is kept constantly in mind. There is one committee, the national campaign committee, under the chairmanship of Brigadier James Mess, which deals with the general subject of national campaigns in the broadest sense. It has representation from the various departments concerned. There is also a publicity coordinating committee, which I think is the committee the hon. member has particularly in mind, which was formerly chaired by the Hon. T. C. Davis, and that committee actually works on the business of coordinating war-time information, whether it be from the various government departments or from the wartime information board. In addition to that, it would be fair to say that since the report of the broadcasting committee, to which the hon. gentleman has referred, there has been

a considerable growth of cooperation and coordination at every level. That certainly is striven for, I believe, with a considerable degree of success. Therefore my answer is that the question the hon. gentleman has in mind is constantly before those concerned with it, and they are making every effort to see to it that there shall be the most complete coordination and cooperation on the part of the various departments concerned.

Mr. GRAYDON: What is the relationship between the wartime information board and the Canadian Broadcasting Corporation? How closely do they work, and are the functions of the two bodies interrelated so far as the work of both is concerned?

Mr. CLAXTON: There is no formal organization directly relating the activities of the Canadian Broadcasting Corporation and the wartime information board beyond the two committees and some other committees I might mention, but there is constant communication and cooperation. The opposite numbers in all ranks, from the general manager of the broadcasting corporation and the general manager of wartime information, down, work very closely together.

Mr. DIEFENBAKER: I should like to get an answer from the parliamentary assistant in regard to "Canada at War" and the omission of information from the March, April, May and June issues with respect to the call-up and enlistment of men in the various military districts. This afternoon the parliamentary assistant said he would bring the matter to the attention of the board. That is not enough. Parliament has a right to know what should be in that booklet, and an explanation is due. The parliamentary assistant said that the reason why it was omitted was that parliament was in session. I accept that explanation. Then the question was asked whether he would give an assurance that this information would be furnished in issues following the prorogation of parliament, and the answer was that the matter would be brought to the attention of the board. The omission of this item has been the subject of considerable editorial comment and is a matter of interest to people everywhere. It gives them a picture from month to month of what Canada is doing in regard to manpower in all parts of the dominion. It makes for competition between districts and arouses, on the part of those districts which are contributing men, that enthusiasm which enables them to maintain the record of leading Canada in recruiting. During recent months, when a certain military district was ahead, the people resident in that district and the newspapers were very proud of the fact that they were leading the dominion. Competition is engendered as a result of furnishing that information, which cannot be secured in any other way. If we want the man-power, this is one way in which districts would vie with one another in a competitive play to head the dominion. I ask for some assurance that this be re-included in "Canada at War". It is not information which by any stretch of the imagination can do any harm to this nation. It was given for months. I ask the parliamentary assistant to place before the people the situation. Let us know why it has been omitted and when it will be restored.

Mr. CLAXTON: I must say that I am not clear as to the specific table to which the hon. member for Lake Centre has reference. I have looked over the issues of "Canada at War" from January to date, and I see that in the June issue, for example, there is no such table.

Mr. DIEFENBAKER: It has been omitted ever since February.

Mr. CLAXTON: "Man-power distribution" and "Summary of mobilization statistics". The hon. member will notice, and anybody else who chooses to look at the publication will see, that the make-up of the tables varies from month to month. I have in my hand the issue for July, just off the press. It is not yet issued to the public, and it has a table, "man-power distribution" and "summary of mobilization statistics". Probably that gives my hon. friend the information he wants.

Mr. DIEFENBAKER: Does it give the call-up, district by district?

Mr. CLAXTON: It gives administration divisions, A to N, London to Edmonton, number called for medical examination, number examined, postponements, number requested, number granted, number in effect; military training, number called, number reported, number accepted.

Mr. DIEFENBAKER: It is not the same table.

Mr. CLAXTON: I am sorry, I do not know what my hon. friend has in mind. If there is an omission, I do not know the reason for it beyond what I have described. The two reasons are, first, that this information is given from time to time in the house; and second, that the make-up of the publication changes from time to time so as to provide information in different forms.

Mr. HANSON (York-Sunbury): I wish to ask the parliamentary assistant about the increases of staff of the wartime information board during the last four or five months. I understand that a substantial number of men have been taken on during that time. How many have been taken on; how many have had newspaper experience, and how many are from university staffs?

Mr. CLAXTON: When the hon. member for York-Sunbury puts the question in that vague form, I must say that I am not prepared to answer it.

Mr. HANSON (York-Sunbury): The hon. member has in front of him a gentleman who ought to know.

Mr. CLAXTON: "The last four or five months" is a rather vague term, but the salary payrolls which I have here indicate that between September, 1942, and March there was a falling off in the staff, owing to the changeover from the old division of public information to the present wartime information board. In the last month or two there has been an increase, but the increase is only to the figure of 132 to-day as compared with the figure of 158 at the end of August 1942. With regard to personnel of the staff, I have not in mind that there is any serious change in emphasis between members of the press and university workers or any other profession. I do not know that there has been.

Mr. HANSON (York-Sunbury): Of course the hon. gentleman is just talking all around the subject and saying nothing. Perhaps I can help him. I understand that seventeen men have been taken on in recent weeks, not one of whom has had newspaper experience, and that this group has been taken from various university groups. I should like to know the reason why; who they are; what salaries they are getting; how long their tenure of office is to be, and what is the policy behind the employment of these gentlemen.

Mr. CLAXTON: I can answer my hon. friend in one way. If he can indicate to the wartime information board at this time two or three newspaper men who would be suitable for work with the board they would be very glad to hear from them. With regard to his question, I do not know that there is any change, except this, that as I have indicated, in the development with the march of events and the passing of time from the original set-up back in 1940 to the present date, there has been a change of emphasis in that the wartime information board is no longer concerned so much with getting out material which will reach the public direct, as with providing services and facilities which reach the public indirectly. That change of emphasis has resulted in a decrease of staff and perhaps has enabled the board to use fewer newspapermen than it had before—if that is the case; I do not know that it is the case. We have not the whole staff up to date categorized under their previous occupations.

Mr. HANSON (York-Sunbury): The hon. gentleman's reply would lead me to believe that he does not know anything about it, and that is probably true. My information is that nineteen new men have been taken on this staff within recent weeks and that not one of them is a trained newspaper or publicity man. We ought to have that information; who they are; what the terms of their employment are; what their salaries are; whether it was impossible to get trained newspapermen—I think they are usually available—how long they are going to be there; what they are paid, and what their special duties are. I think we should have that information.

Mr. CLAXTON: If my hon. friend wants that information I will try to give it to him, but I must say that we had no reason to sort it out in that form, and I shall have to take the time of the committee to sort it out here, because that is not the normal way to record information of this kind.

The first name is Anderson, A. C. As I mentioned this afternoon, he is in charge of south American news. The date of appointment is January 16, 1943. He was formerly a newspaperman working with the Southam Press.

Mr. HANSON (York-Sunbury): That is not within three or four months.

Mr. CLAXTON: My hon. friend has to be fair. Where are we going to begin?

Mr. HANSON (York-Sunbury): I said, the last three or four months. That is perfectly fair and quite understandable. I believe we have the record up to February 8 on a return. What we want is a supplementary record since this return was brought down.

Mr. CLAXTON: Now that my hon. friend has given me the date I can begin from it.

Mr. HANSON (York-Sunbury): All right. I am glad to help the hon. gentleman.

Mr. CLAXTON: The date is February 8?

Mr. HANSON (York-Sunbury): February 8.

Mr. CLAXTON: Mrs. I. M. Arnold, clerk grade 4, April 1, 1942.

Mr. HANSON (York-Sunbury): What experience has she had?

Mr. CLAXTON: She is a clerk.

Miss S. Cloutier, clerk grade 3, April 12, 1943.

Mr. C. F. Crandall, February 20, 1943. He was formerly president of the United Press and, before that, managing editor of the Montreal *Star* and is president of the Dominion News Bureau.

Mr. HANSON (York-Sunbury): Salary?

Mr. CLAXTON: He has no salary.

Mr. HANSON (York-Sunbury): Well, that is just temporary.

Mr. CLAXTON: Everyone in this board has a temporary position.

Mr. HANSON (York-Sunbury): What is he costing the country?

Mr. CLAXTON: He receives his out-of-pocket expenses. Mr. J. R. Herbin was appointed on February 12, 1943. He was formerly employed as a copy reader with the Toronto *Daily Star*.

Mr. HANSON (York-Sunbury): He was a newspaperman in Fredericton; he is a young man.

Mr. CLAXTON: I do not know his age. He was a newspaperman, like Mr. Crandall, whom I have just mentioned.

Mr. HANSON (York-Sunbury): What is his salary?

Mr. CLAXTON: $3,300.

Mr. HANSON (York-Sunbury): He got $15 a week when he was in Fredericton.

Mr. CLAXTON: How long ago?

Mr. HANSON (York-Sunbury): About three or four years.

Mr. CLAXTON: Well, something has happened since then.

Mr. HANSON (York-Sunbury): I know what happened; he got on the government payroll. That is the only thing that happened, as far as I know.

Mr. CLAXTON: On February 16, 1943, Miss J. Laroche was appointed as clerk, grade 1.

Mr. HANSON (York-Sunbury): At $60?

Mr. CLAXTON: Yes, $60.

Mr. HANSON (York-Sunbury): Well, we are not after that.

Mr. CLAXTON: I should like to know what my hon. friend is asking for. He says nineteen people have been appointed and I am giving him all there are.

Mr. HANSON (York-Sunbury): How many college professors? Come to that.

Mr. CLAXTON: Mr. E. L. Morris was appointed on May 3, 1943, as principal clerk; he was formerly employed with the Halifax *Chronicle*.

Mr. HANSON (York-Sunbury): Salary?

Mr. CLAXTON: $1,920. On April 5, 1943, Mr. T. F. N. Newton, formerly lecturer in English at McGill university, was appointed at a salary of $4,200, the salary he received at McGill. On April 16, 1943, P. H. Riley was appointed office boy at $420. On April 2, 1943, Mr. C. M. Watson received $400 for a three months' survey of some subject set by the board.

Mr. HANSON (York-Sunbury): He was brought in from New York, was he not?

Mr. CLAXTON: Yes.

Mr. HANSON (York-Sunbury): He comes from Fredericton, too.

Mr. CLAXTON: He was an experienced radio man, working with the National Broadcasting company.

Mr. HANSON (York-Sunbury): Yes, and a very good man.

Mr. CLAXTON: On April 9, 1943, Mr. B. Foster was appointed as mail porter; $1,020; no journalistic experience. On April 1, 1943, Miss B. V. Carruthers was appointed to the New York staff as a teletype operator; no journalistic experience, as far as I know. On April 1, 1943, Miss B. A. Roberts was appointed to the New York office as a stenographer. Those are all the appointments of which I have note.

Mr. HANSON (York-Sunbury): Does the hon. gentleman say that is all there are?

Mr. CLAXTON: Those are all of which I have note.

Mr. HANSON (York-Sunbury): That does not say that is all, though.

Mr. MACKENZIE (Vancouver Centre): The mystery is solved.

Mr. HANSON (York-Sunbury): It is not solved; we have not had the proper answers.

Mr. DIEFENBAKER: Just before six o'clock I was referring to "Canadian Affairs" and pointing out that having regard to some of the

statements made by the person writing it, this book had the earmarks of political propaganda, and the Prime Minister produced a letter from General McNaughton approving the production of this booklet. As a matter of fact, General McNaughton was the originator of it, for in the booklet I find:

> One day several months ago in a small wooden hut that housed General McNaughton's field headquarters somewhere in England, a group of officers were talking freely of their problems with the commander in chief.

Then it points out that something was missing; they did not know their homeland any more.

> . . . and out of that sense of "something missing," "Canadian Affairs" was born. It owes its existence to-day to the sympathy and the will of General McNaughton.

I want to point that out, just to keep the record clear. Then I want to ask the parliamentary assistant: Since this booklet is issued by the wartime information board; since it contains a series of statements in regard to Canada and the war effort being made by Canadians, what is the idea of denying to the men who are taught these things the right to use that information or to have it reprinted? What is the idea of the order that appears on the front of this issue:

> Not to be reprinted in whole or in part without permission of the wartime information board of Canada.

It is difficult to understand the reason for that. This particular issue was written by Mr. Sandwell; instructions are given that the pamphlet is not to be read to the men, and so on; the officers are told how to use it; but after the men have been given this instruction, the information they receive may not be reprinted or used in any way without the consent of the board. I should like to know the reason for that.

Mr. CLAXTON: Perhaps I should have explained at greater length how "Canadian Affairs" originated, but I thought I had taken up enough of the time of the committee. There are two publications issued by the British army, "Current Affairs" and "War". They are issued to all officers and, I think, a considerable number of other ranks in the British army as well as in the Canadian forces. They are extraordinarily useful publications, and by General McNaughton and others it was thought desirable that we should supplement these publications with another of our own. Accordingly "Canadian Affairs" was decided upon, as it states, to fill a long-felt want. If my hon. friend is familiar with the other publications he will see that the set-up of this pamphlet is very similar to that of the other two. I think reference to the other publications will indicate that everything about this pamphlet is similar to them. The other publications are written in part by individuals, in the same way, and the board issuing them disclaims any responsibility for the views expressed. That is in order that they may not become totally colourless, and it indicates that they carry no official sanction. With regard to reprinting, the wartime information board has been requested for permission to reprint articles from this publication on at least two occasions, both in Great Britain; once by a newspaper and once by one of the British army publications, and that permission was given instantly. The qualification with regard to reprinting I should think appears on every publication issued for the army. There is no objection to the material being used, provided some control is kept over its use, and that is one reason for putting in that restriction. It is also intended to protect those who are asked to contribute their services for these purposes. The Prime Minister has already read to the committee the appreciation of the first number from General McNaughton. I should think the committee, and everyone else, would be completely satisfied that this was a desirable publication issued in the interests of our soldiers overseas definitely to keep them better informed and properly safeguarded in every way. It was just the kind of thing that General McNaughton wanted, and that he said in his telegram he wanted.

Mr. DIEFENBAKER: I know those British publications, and they do not contain any of the political references this booklet contains. I will read one of them, and I would ask the committee whether or not it contains information objectively given for the benefit of the troops overseas. Here is one quotation:

> High Taxation Here to Stay
>
> The social effects of this steeply graduated taxation will be incalculable. Only a small fraction of them is now visible, because taxpayers have not yet adjusted their style of living to their new circumstances.

And a little later on:

> Any expectation that this rate of taxation can be much lessened after the war is fast disappearing, as it comes to be realized that Canada cannot avoid sharing in the burden of putting Europe and the orient on their feet again, and as political parties vie with one another in their promises of legislation for social betterment at home. It cannot be said that there is any serious resentment about these changes, which are accepted as inevitable and as likely in the long run to be beneficial to the nation; the chief concern of the "successful" classes is to preserve some area of opportunity for private enterprise.

Then he goes on to refer to the purpose of continuing taxation at its present level, as

against the demands of the socialists for the elimination of the whole profit motive from commerce and industry. There are many such quotations in the book.

Mr. MACKENZIE KING: I think that must have been written by a member of the Progressive Conservative party.

Mr. DIEFENBAKER: It is written by Mr. Sandwell.

Mr. HANSON (York-Sunbury): We ought to have an explanation why political propaganda like that is put out in the guise of objective information to the army.

Mr. MACKENZIE KING: My hon. friend knows that it is not political propaganda. What is the sense of trying to create the impression that it is political propaganda? It is nothing of the kind.

The CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: Carried.

Mr. POULIOT: No. I have listened with great interest this afternoon to the lucid explanations given by the parliamentary assistant to the Prime Minister. One thing which surprised me was his statement that Mr. Grierson had only one salary. I remember the time when Mr. Grierson received only $6,000 from the film board, but it has now jumped to $10,000. Therefore, if he has only one salary, then it is a salary with a big belly, meaning by that that instead of having a salary of only $6,000 a year, he has one of $10,000. Well, I have no objection to that; but the whole story should be told. He is there, and he looks after the film board, a very fine institution. Then, we realize the information board is not such a fine institution, and I think a distinction should be made between them. The information board does not inform people as they should be informed about everything.

In the first place, French-speaking people in this country should be informed about English-speaking people, and vice versa, so that we may come to an understanding. But nothing of that sort is done. What is the use of keeping an information board when there is an information branch in each department? There is one in the Department of Munitions and Supply and also one in the Department of Labour. Why do we have this fifth wheel called the information board? I am not saying that to be critical. I remember distinctly that the matter of information was covered by the Department of National War Services, before that department was entrusted to the hon. member who is now minister of that department. As soon as he was sworn in, it was taken away from that department, and placed under the Prime Minister. Why was such a change made? I wonder if the hon. member who is now parliamentary assistant has explained why the information board has been taken away from the Minister of National War Services, and put into the hands of the Prime Minister. I might speak again to-night as the defender of widows and orphans, but in this respect the orphan is the Minister of National War Services who has been put in charge of a department with nothing in it, except the scissors of censorship. That is the way I take it.

I appreciate that the Minister of National War Services, who has nothing to do in his department except look after Mr. Oliver Mowat Biggar's office, would have much more time to look after information than would the Prime Minister, who is a very busy man. Who would expect the Prime Minister to have the time to read all these publications? I am sure he was grateful to the hon. member for Lake Centre when he read from the publication to the committee to-night. Do you think, Mr. Chairman, that the Prime Minister of Canada, the busiest man in the country, has time to read all these publications? Then, why was it not put under a gentleman of leisure, a minister of leisure, who has very little to do in his department, and would have the time to scrutinize the whole thing? This could be done simply, and in good order.

I have no grudge against anyone. I think Mr. Grierson is a fine fellow. But why should we always go to an outsider when we want something done in Canada? When it came to the film board we took Mr. Grierson, who came from Scotland. And he was not the only Scotsman. For radio we have Doctor Thomson, who comes from Scotland. For reconstruction we have James of McGill, from England. All these outsiders come to this country to teach Canadians what they shall do in the post-war era, and what they should do during the war. Are there not any Canadians who could do it? More than that, these outsiders are taken into the employ of the government because of the deep religious feeling held by His Majesty's Loyal Opposition for all outsiders. It is the impression of the government that so long as they hire the services of outsiders the opposition will accept them and give them their kotows in true Japanese fashion. They will put their noses together in a long embrace. The government goes to these outsiders, people coming from the British isles, and has them take these key positions in Canada so that every time something is done they may say, "Well, it was that Englishman who did it", or that Scotsman who did it, or that Irishman. And then the opposition will make kotows to them.

That is all very well. But if the opposition were not so ready to fill these boards with outsiders, it would be better for the country, and we would have Canadians in charge of important matters, matters which at the present time are run by outsiders. I do not object to Grierson as Grierson, but I do object to Grierson as an outsider coming to teach us. I object to Doctor Thomson for the same reason. And I object to James of McGill on the same grounds. I object to the fact that these people come out to teach the bloated colonials in Canada what they have to do.

Then, with regard to the film board, we know a great many pictures have been taken of our Prime Minister. At one time I said that Mr. Grierson had so many pictures of the Prime Minister that I was sure the exposures were as numerous as the sands of the seas and the stars in the sky. How many pictures does he have that are still undeveloped? How many are there in the vaults of the film board? They are fine pictures the country should see and we should like to see, but we have not yet had the privilege of seeing them. It seems to me that for these reasons we should not be excessive in our praise, and we should get some information on the pictorial side of the matter.

I have something else in mind. How much money has been spent for McKenna, for instance? McKenna is the man who was a correspondent of a United States paper in the press gallery. What were the expenditures for trips to New York, trips to everywhere, trips to nowhere? And what about payments to Paul Reading, who wears out I do not know how many pairs of boot soles walking in the corridors of this house. There are Paul Reading and McKenna, and how many others? We see them around the corridors all the time; that is, all the time they are in Ottawa. How much money has been paid to them for travelling expenses? Instead of putting forth the theory about what should be done and what should not be done in the way of propaganda, we should first know what it costs. That is the first question that should be asked by the opposition. Why did the opposition not ask how much Paul Reading had received for travelling expenses, living expenses, and this and that? How much money did McKenna get? How much money did he pass over to other journalists for travelling expenses? These would be good things to know. We should have the dollars and cents. I wonder if the Prime Minister has been informed of all these details.

Why should the wartime information board be treated as a kind of holy of holies about which we cannot get any information when we ask about the regulations and the censorship? We should be told about the regulations and about the censorship, or at least about the censorship regulations. How is it that these people can publish anything, while other papers have not the same right? What is the use of having a wartime information board if it does not inform the Canadian people? The Canadian people are entitled to the truth; that is the kind of news they should get. There are some journalists who are ready —or Reading—to go along with that kind of thing, but there are others who are honest and who realize that when they represent the press they fulfil a sacred duty to the public. Very often important news has been hidden from the public, news that should have been given to the public in order to inspire confidence in the government. Sometimes people lose confidence in the government because of the wrong this has done in connection with supplying news to the Canadian people.

Canadians have a right to expect true and reliable information from the papers to which they have subscribed. This public institution, the wartime information board, is not supported directly by the Canadian people, because there are no subscribers to the board such as there are to newspapers, but on the other hand the expenses come out of the pockets of the Canadian taxpayers and they are entitled to have value for the taxes they pay to support the board. They have a right to know what the expenses of this board are; what expenses are being paid to McKenna, whom I mentioned, and Reading and many others. We see them in the corridors of the house trying to check the news and trying to create false propaganda. I know whereof I speak.

All this is said in the best possible spirit and in order that the wartime information board may serve a definite purpose. There is a man in Canada who has done more to supply the public with information than any government institution. I refer to Emile Vaillancourt of Montreal. He has supplied the press with all sorts of information about all sorts of things. I read to the house the letter which he wrote last year to Winston Churchill, and the Prime Minister said it was a good letter in spite of the protests of the then leader of the opposition who did not listen long enough to see how much to the point it was. How is it that the government has not asked Emile Vaillancourt, not to join the board but to be the head of the board? He is a most gifted man; he knows a great deal more about publicity and Canadian

history than Philippe Brais. Mr. Brais may know something about the civil code and statutory procedure, enactments and things like that, but he is not at all cultured. But here is a man who is cultured; here is a man who is public spirited; here is a man who is fully qualified to be the head of this institution and to make a success of it. But he is left aside; he is left in the shade, perhaps because he is too independent. It does not mean that he is not a good Canadian; he is a first-class Canadian. The testimonial that was given to him by the Prime Minister in this chamber is something that cannot be forgotten. Among the best things that have come from the pens of Canadians is this letter to Churchill. But he has done more than that. He has led public discussions over the radio and has had them printed at his own expense and distributed to hon. members. How is it that a man so well gifted, who has done so much at his own expense, is not asked to lead and to make a success of this board? He would make English-speaking Canadians understand that there are some French-speaking Canadians who can do as well as any men imported into the country.

We are all Canadians. I am not prejudiced; I am not biased, but in this case I think Emile Vaillancourt is the best man we could have had. I am sure that the Prime Minister, his parliamentary assistant and all the members of the committee appreciate the excellent work that has been done by Emile Vaillancourt. During war time there is a need to unite Canada, instead of dividing it for the benefit of a few people and to the detriment of the community at large.

Mr. HANSON (York-Sunbury): Would the Prime Minister be good enough to place my name on the mailing list for "Canadian Affairs"?

Mr. MACKENZIE KING: I shall direct the attention of the board to my hon. friend's request.

Mr. HANSON (York-Sunbury): It is a public document published by the wartime information board.

Mr. MACKENZIE KING: I have not interfered with the board or its work, and I prefer to maintain that attitude. I shall be glad to refer my hon. friend's request to the board, and I am sure they will be happy to meet it.

I should like to say a word in regard to one remark made by the hon. member for Témiscouata. He asked why it was that the information board was placed under the president of the council immediately after the Minister of National War Services (Mr. LaFlèche) had been appointed, the implication being that this was done because the Minister of National War Services happened to be a French Canadian. That is as I understood the impression the hon. gentleman was seeking to leave. He suggested that as soon as the minister had taken over this portfolio, the board was transferred from his responsibility to that of the president of the council. I hope I am not misconstruing what my hon. friend had in mind and intended to convey.

I should like to make clear to the committee the reason why the board was placed under the president of the council. Mr. Vining was asked to prepare a report for the government on the whole question of war information and the best way of facilitating the distribution of information. He recommended that the board should be under the president of the council rather than any other minister in order that interdepartmental cooperation might be more effectively obtained. This was not likely to be the case to the same degree if the board remained under any one other particular minister. That recommendation was made while an English-speaking minister was at the head of the Department of National War Services and before the present minister took office. It is only fair that these facts should be made perfectly clear.

Mr. POULIOT: I did not want to convey the impression that I was complaining because the wartime information board had been taken from the Department of National War Services at the time of the appointment of the present minister because he was a French Canadian. That was not the question at all. What I said was that as soon as the gentleman was sworn in, the board was turned out. I thank the Prime Minister for his explanation, but I did not mention either the race or religion of the present Minister of National War Services when I made my statement.

Mr. NOSEWORTHY: Reference has been made to the fact that there are information boards or publicity offices in a number of the ministries and in branches of the armed services. I wonder if we might have information as to just what other ministries maintain offices of this kind, and to what extent the wartime information board serves to coordinate the work done by these other offices, or whether there is no coordination between these separate offices and the wartime information board.

Mr. CLAXTON: The material required to answer that question has already been given in the return which was brought down to the house some time ago. So far as I know, the situation has not changed since. I will refer the hon. member for York South to the return if I may, on the adjournment.

Mr. POULIOT: I should like the parliamentary assistant to be kind enough to tell us how much money was paid for travelling expenses, living allowance, and all that, to Mr. McKenna and Mr. Reading.

Mr. NOSEWORTHY: May I ask if the return to which the parliamentary assistant referred touched on the question of coordination between the different publicity offices and the wartime information board.

Mr. CLAXTON: I am sorry; it just gives factual information about the number of press representatives in the various departments of the government. I have already said something at the beginning of the sitting to-night on the question of coordination. There is every effort made at coordination, and that coordination is very close with the public relations officers of the board. Mr. J. W. G. Clark, director of public relations of the department of defence works closely with the wartime information board, and the same is true of the other departments. In addition, there are, as I mentioned before, a number of provisions which are specially designed to accomplish what my hon. friend has in mind.

In reply to the question of the hon. member for Témiscouata, return No. 176, which was brought down in the house on March 2, 1943, discloses that no expenses were paid to Mr. McKenna and none to Mr. Reading since the organization of the board. I am informed that since that date Mr. McKenna has had one trip to the United States to see people with whom he has to deal there and those in charge of the distribution of foreign news going to the United States, and that Mr. Reading has had no travelling expenses since then whatsoever.

Mr. POULIOT: How much was paid to Mr. McKenna for his travelling expenses.

Mr. CLAXTON: I have not that information here.

Mr. POULIOT: Will the hon. gentleman please give it to me later?

Mr. CLAXTON: Yes.

Mr. POULIOT: Thank you.

Mr. HANSELL: I think there should be some little correction made of an impression which the hon. member for Témiscouata may have left, though I do not know that I am the man to make the correction. The hon. member seemed particularly vociferous in his condemnation of the government for bringing in from outside this country men of expert knowledge. I do not know all the men that he mentioned, but he did mention Doctor Thomson, who to-day is the managing director of the Canadian Broadcasting Corporation, and the impression one might get from the hon. member's remarks is that the government sent over to Scotland for Doctor Thomson, which of course, is not the case. I think with all due respect for Doctor Thomson that should be made perfectly plain. I happened to be a member of the radio committee of last year and I think, if the evidence is examined together with the reports of that committee, it will be found that we were particularly anxious that should there be a change in the managing directorship of the Canadian Broadcasting Corporation, the position should be filled by someone from Canada. I am not attempting to come to the assistance of the government in saying this, but the fact is that Doctor Thomson was released from the university of Saskatchewan, I believe at the request of the government, in order that he might assume the duties of managing-director of the Canadian Broadcasting Corporation for this year. He was not imported for that job.

While I am on my feet I should like to say that there is a principle involved that was well stated by the hon. member for Témiscouata. It does seem that very often we import what we may regard as experts, while perhaps many experts in our own midst leave us to work in other countries, particularly in the country to the south, where the fields may appear to be greener. I see no reason why Canada should be one whit behind any other nation in the world in producing experts in every possible field of modern civilization. I have mentioned before, and I think I should mention it again now, that the Prime Minister is in his seat, that we have doctors of philosophy in the various sciences working in our civil service to-day for wages that are less than what is paid to a grade 3 stenographer. That should not be so.

The CHAIRMAN: I believe that for some little time I have been remiss in my duty. I allowed the hon. member for Témiscouata to mention persons born outside Canada. That was my mistake, and I shall be compelled from now on to keep speakers to the item before the Chair.

Mr. HANSELL: Very well, Mr. Chairman. I have always regarded you as being fair, and I think you are fair now. Your point is well taken, but I am of the opinion that the hon. member for Témiscouata must not get away with anything more than any other private member of the house.

The CHAIRMAN: I made it very plain that some part of his discussion was out of order, and that it was my mistake in not

calling him to order. I believe it is the sentiment of ninety-nine per cent of the committee that we should stay within the orbit of the item we are discussing.

Mr. HANSELL: Thank you, Mr. Chairman.

Now may I get back to the wartime information board. I have no fault to find with the board, but I want to make this observation. The Prime Minister took exception to a remark a little while ago from the official opposition in regard to political propaganda. I do not know that that was precisely the term used. I am not going to say that the wartime information board is used for political propaganda, but I make this observation, that there can hardly be a piece of literature issued by the wartime information board on what is being done in Canada to-day without carrying with it a psychological impression that the Liberal government is doing a good job. "Canada at War" comes out once a month and I like to read it; I get a lot of information from it. But anyone reading that publication is apt to say that it is simply a build-up for the present government. And it is. I am not saying that it is intentionally so, but the fact is that it is, and the result is that the department has all the advantage that this publication gives.

Mr. MACKENZIE KING: A corrective, so far as that is concerned, if any be needed, is furnished in full measure by what appears in some organs of the press. I rose to comment upon one matter mentioned, namely, with respect to certain persons holding positions in the country, the suggestion made being that such positions are necessarily to be reserved for persons born in Canada. I am as strong a Canadian as anyone in this house, but I should be very sorry if the day ever came when we decided to make it even an indirect condition that a person, in order to hold a high position in Canada, must necessarily have been born in this country. I think of the positions of hon. members in this house. There is no more honourable position in Canada than that of member of parliament. When I look diagonally opposite I see a good many gentlemen who would not be in this House of Commons to-day, if the people had not sent them here, notwithstanding the fact that they were not born in Canada. It is one of the glories of this country that any man may come to Canada and feel that he has a chance to help to serve not only the people of Canada, but if he has the ability, mankind itself, men and women of all classes and creeds and countries. I do not forget that the great leader of the Conservative party, the first Prime Minister of this country, a man whom all of us honour, irrespective of party, was from the old country; I do not forget either that he was a Scotsman. When you find gentlemen in high positions and you are told at the same time that they come from Scotland, you may feel pretty sure that the appointment is a fairly good one.

[The Chairman.]

Mr. HANSELL: I do not know why the Prime Minister was facing me all the time, because I did not make the charge; it was the hon. member for Témiscouata who made it. I rose to say just about what the Prime Minister has said, in defence of Doctor Thomson, a man already in Canada. However, I do not mind the Prime Minister looking this way once in a while.

Mr. CASTLEDEN: In regard to the publication "Canadian Affairs", can the parliamentary assistant say how many copies have been distributed?

Mr. CLAXTON: The last issue was 23,000. They are printed in England by the wartime information board for the Department of National Defence.

Mr. CASTLEDEN: What is the cost of that issue?

Mr. CLAXTON: I do not know the cost. It is charged to the Department of National Defence.

Item agreed to.

Privy Council.

Advisory committee on reconstruction, $47,250.

Mr. MacNICOL: This is a vote for the advisory committee on reconstruction. Most hon. members are acquainted with what the parliamentary committee on reconstruction and rehabilitation is doing. It has an able chairman and an able vice-chairman, both of whom deserve a good deal of credit. But what is this advisory committee doing? I have been a member of the parliamentary committee and we have had some of the members of the advisory committee before us, but I do not know what they are doing. The war may be over at any time, and I hope it is; but if the war ended to-morrow, just what plans and specifications are ready to give men jobs? We have been talking now for the last four hours about publicity. Publicity is very necessary, I admit, in the conduct of government, but the providing of jobs when the war is over is infinitely more important. We shall get a good deal of

unfavourable publicity after the war if there are many thouands of men unemployed as there were after the last war.

There is a multitude of opportunities to provide jobs. I know of a multitude myself, but I will not enumerate them. However, let me give one small project as a sample of what can be done, and what I believe should be done, if this advisory committee is the one that is to prepare for the provision of jobs. If it is to submit plans and specifications to provide jobs, it ought to be preparing right now. I do not know that much has been done so far. I have read speeches by members of the committee who are doing good work in their way, but we have to go much farther than that. We have to get together a large number of plans and specifications of jobs to which men can be directed immediately the war is over, or we shall find ourselves in the same boat as we did after the last war.

I was closely associated with business after the last war, and I know that business closed up tight and men did not get jobs. I had so much to do with jobs that perhaps I talk about this subject more than I should, but one cannot overemphasize the importance of providing work, and the men cannot get it by talk but by careful preparation. They cannot be paid for the work they do by talk but by money, and to be paid money they have to render some service in return.

Recently there was an article in the newspapers about the riding represented by my leader, the riding of Peel, where somebody in the town of Brampton had given to the press a plan for a proposed diversion of a small creek running through the town. It is called Etobicoke river. North of that town the watershed of the river is very small, about twenty-five square miles, but to give an indication of what a small watershed like that can do if there should be a cloudburst or a heavy three-day rain, the amount of water that would fall on it could be 160,000,000 cubic feet. That quantity of water rushing through the town would wipe the main street off the map. They have had severe floods there beginning away back in 1878 and down through the years, in 1909, 1929, and last year again, 1942, and the big floods have averaged from $80,000 to $100,000 of damage each time. The whole work on that river to flood-proof it could be done for $100,000. That is one small project. I would ask the Prime Minister courteously to direct this committee, for which this money is being voted, to inform members of parliament and the country what they are doing, and I would ask him to request them in the kindest way to provide plans and specifications for jobs to which many thousands of men could be sent to earn an honest dollar when the war ends.

Mr. CLAXTON: This committee was appointed by order in council P.C. 609 in January, 1943. It is working with sub-committees, a number of which have made reports. It is hoped that all the reports in the course of preparation will be in, in the month of August or September, and they will be made available as soon as it is in the public interest to give them. There are other committees working on the subject of reconstruction—the committee on rehabilitation and demobilization, the advisory committee on economic policy, the Canadian section of the joint economic board, in addition to the three parliamentary committees. They are all working and are bringing their work to the point where it will be possible for some agency to draw up the plans and specifications to which my hon. friend has referred.

Mr. MacNICOL: Are there prepared plans and specifications for a single specific job? Can the hon. member name one solitary job that everything is prepared for?

Mr. CLAXTON: Yes; a number of specific jobs have been prepared. A great many are under consideration. There is a sub-committee of the advisory committee on reconstruction, on post-war construction projects. The chairman is Mr. K. M. Cameron, chief engineer of the Department of Public Works, and that committee has made an interim report, I understand, and will make a further report at an early date.

Mr. MacNICOL: Can the hon. member name one job?

Mr. MACKENZIE (Vancouver Centre): A survey of the whole country.

Mr. MacNICOL: Yes; but have they named a single place in this country for which blueprints, plans and specifications have been prepared, to which men can be sent immediately the war closes, as soon as material can get on that job?

Mr. CLAXTON: I do not think they have gone as far as my hon. friend would want on that, because the war is not over yet, but I think they are at the stage where they have considered in one way or another a very large number of projects plus a whole system of dealing with specific jobs, and I hope the wish of my hon. friend will be met by the progress that is being made.

Mr. MacNICOL: I hope so.

Mr. BLACKMORE: May I ask the Prime Minister or his parliamentary assistant whether or not this committee is devising ways and means of finding money?

Mr. MACKENZIE KING: I hope it is not.

Mr. BLACKMORE: Did I understand the right hon. gentleman correctly to say that he hoped it was not?

Mr. MACKENZIE KING: Yes.

Mr. BLACKMORE: May I submit that if it is not devising ways and means of finding the money, it is simply not worth five cents to this country.

Mr. CLAXTON: The point raised by the hon. member for Lethbridge is under constant consideration by the advisory committee on economic policy.

Mr. BLACKMORE: What we should like to know is whether or not it is getting anywhere or whether it is just "advising."

Mr. GRAYDON: I wish to ask the Prime Minister or his parliamentary assistant whether this amount of money, $47,250, goes to salaries for those on the advisory committee, or if that is a straight matter of expense; if so, perhaps the assistant would have a break-down of the amount.

Mr. CLAXTON: Salaries $15,317.28.

Mr. GRAYDON: To whom does that go?

Mr. CLAXTON: To employees of the committee. The members of the committee give their services without remuneration. The next item is cost-of-living bonus, $414.64; unemployment insurance, $28.08; stationery and supplies, $1,500; fees, $10,000; transportation and travel, $20,000. The reason for the relatively large item for transportation and travel is that there are six subcommittees, with geographical representation, and while meetings are cut to the minimum, there is an absolute necessity for members of the committee to get together now and then.

Mr. CASTLEDEN: Can we have the names of this committee?

Mr. CLAXTON: Yes. The names of the advisory committee on reconstruction are: chairman, Doctor F. Cyril James, president of McGill university; P. R. Bengough, acting president, Trades and Labour Congress of Canada; Hon. D. G. MacKenzie, chief commissioner, Board of Grain Commissioners for Canada; J. S. McLean, president, Canada Packers; Arthur Surveyer, civil engineer, of Montreal; Doctor R. C. Wallace, principal Queen's university, ex officio and coordinating members on the committee on economic policy, the chairman of the Canadian section of the joint economic committees; Mr. K. M. Cameron, chief engineer of the Department of Public Works, vice-chairman of the advisory committee on demobilization and rehabilitation. The research adviser is Doctor L. C. Marsh, who of course is paid, and the secretary is J. E. McKay.

Mr. CASTLEDEN: Do they submit a report to this house?

Mr. CLAXTON: They submit a report to the government.

Mr. CASTLEDEN: To the government only? Are the reports available to the parliamentary committee on reconstruction?

Mr. CLAXTON: Some reports have been made available to the parliamentary committee on reconstruction. Those are the factual reports so far received. Other reports will be made available from time to time as it is possible.

Mr. POULIOT: Is Professor Marsh of McGill on that reconstruction committee?

Mr. CLAXTON: He is an employee of the committee. He is research adviser.

Mr. POULIOT: And is there a Mr. Firestone, a professor?

Mr. CLAXTON: Doctor C. J. Firestone has been employed by the committee to make special studies for it.

Mr. POULIOT: Yes; and is that his real name? Did he change his name, or is "Firestone" his real name?

Mr. CLAXTON: It is the name we have.

Mr. POULIOT: No; but I ask you—

Mr. CLAXTON: We have not required that—

Mr. POULIOT: I want to know if that is true. I have been told he had been for a time in an internment camp. I wish to know if it is true or not, and I do not want a denial; that is, I want something definite.

Mr. CLAXTON: I have no knowledge that can support that idea at all.

Mr. POULIOT: Where does he come from? The committee should know where he is coming from. Is he a manufacturer of tires, Firestone tires, or what is he doing? Where does he come from? If he is to bring us the light, we should know where the light comes from. I am sure the parliamentary assistant will be kind enough to tell us that.

Mr. CLAXTON: I have given the hon. member all the information I have. I will be glad to get it for him.

Mr. POULIOT: Yes; but that is not satisfactory. Here we have an important matter. We must know where they come from, these people who are to guide the people of Israel into the Promised Land. They are supposed to be the stars of the sky, the light to guide us into the Promised Land. Where do they come from? What is their experience? It is time to know who they are.

I remember that a long time ago, about nine years ago, I was campaigning in Ontario—this is by way of comparison—and I was talking with a friend of mine, who by the way is Billy Gordon, now a minister in the Ontario government. I said "Billy, here in Ontario are there people who work on the roads at election time?" He said, "Oh, yes." This was in 1934. I went along the road. The weather was fine; the road was well paved, one of the finest between Wallaceburg and Chatham. At one corner I saw an elevation about one hundred feet from the road. There were people standing there who were clustered as thick as ants. They had shovels and picks in their hands to demolish a little hill, and they were so numerous that they could not wield their shovels or picks for fear of hitting each other. They were too numerous to work. It reminded me of the present situation in Ottawa. What do we want now for reconstruction and planning for the future? We want order at the present time. If we have not order now, what shall we have after the war? We shall have disorder. The only way to have order is to reduce by one half the number of civil servants, and then it will be possible for the others to work. There are so many people in Ottawa that it is almost impossible to walk on the streets; there is a crisis of housing—

The CHAIRMAN: Order: I have been criticized this evening for not calling to order some hon. members, and clearly the hon. member is out of order in what he is discussing under this item at present. Surely it should be found possible at this stage of the session to stay within the limits of the item before the committee. I know that it is easy for the hon. member for Témiscouata to do so.

Mr. POULIOT: Surely. But what I say is that we need order now if we are to expect order in the future.

The CHAIRMAN: We need order here, too.

Mr. POULIOT: In saying that, it seems to me that I am in order. And the only way to get order is to have space to work, to give the opportunity to all those who are in the civil service to show their ability to do something. If they are so numerous that they cannot move their arms, there is nothing they can do. But I can tell you more than that, sir. I regret very much that two committees have been set up to study post-war problems, especially if we are to have reports like the one that was laid on the table of the house the other day. What is the use of hon. members studying these matters if, when the report comes in, we are given no data or recommendations to come to a decision on the matter, nothing definite on unemployment or anything else, which will be settled by parliament and the government later on? That is the suggestion we received concerning post-war planning; it amounts to nothing at all, and the last report of the committee on reconstruction and reestablishment is empty. I do not see the use of hon. members meeting together and discussing future plans, when the reports they make are as poor as the one that was laid on the table the other day. It is incredible; the only suggestion with regard to post-war recovery was to have an inventory made of our natural resources. Surely we must have such an inventory already in the Department of Mines and Resources. It was also suggested that we should make an inventory of all public works, dominion, provincial and municipal—

The CHAIRMAN: Order. The committees to which the hon. gentleman refers are sitting at the present time, and I do not believe it is in order to discuss their activities. We must confine ourselves strictly to the item under consideration.

Mr. BLACKMORE: I should like to support in part what has been said by the hon. member for Témiscouata. I have been investigating the activities of these various committees on post-war rehabilitation and reconstruction, and I find that invariably there is not the least hint of where the money is to come from to pay for the projects recommended. Just to give one little illustration which comes from my own constituency, let me point out that over twenty years ago the plans were completed for the Lethbridge southeast water conservation project, but nothing was done because there was no money. Last year the plans were revised and brought up to date, but nothing was done because there is no money. So far as I can see, if the mentality which appears to prevail in high places in the government of Canada to-day continues to prevail after the war, there will not be any money for these things, and as a result all

the efforts put forth by reconstruction and rehabilitation committees will have been wasted.

The CHAIRMAN: I believe I should point out to the hon. member for Lethbridge that his remarks should be made to the standing committees instead of to the committee of the whole.

Mr. BLACKMORE: It is utterly impossible for any hon. member to bring up these matters in those committees, because if he tried to discuss the question of money he would be ruled out of order. I ask: what is the use of having committees like these if no use is to be made of their work? There are hundreds of agencies throughout the country that can tell us plenty of things that ought to be done if the money were forthcoming. There is not a province in this dominion that could not spend a great amount of money on roads, for example, and put thousands of men to work. We do not need high-class committees to plan work for people to do; what we need is to find some way of getting the money to pay for the work.

Just before we leave the Prime Minister's department, I should like to ask if there is any item under which we might discuss the draft agreement for the united nations relief and rehabilitation administration. I had the impression that it might be in order under this item, but I presume it is not. I intended to bring it up previously, but I did not wish to be talking all the time in the committee. Could the Prime Minister give me an idea as to whether or not there is an item remaining under which this matter could be discussed properly? I believe it should be discussed with some care.

Mr. MACKENZIE KING: I have no doubt there is an item somewhere, but I cannot put my finger on it at the moment.

Mr. BLACKMORE: It might be in order to discuss it on the estimates of the Minister of Finance?

Mr. MACKENZIE KING: My hon. friend had better ask the Minister of Finance.

Just before we go on to the next item, there is some information I promised to give the committee. During the discussion of the external affairs estimates this morning the hon. member for Camrose asked how much had been expended last year by the international joint commission. The expenditures by the international joint commission during the last fiscal year amounted to $32,291.53.

Then the hon. member for Vancouver South asked with regard to applications for repatriation to Japan. Applications for repatriation to Japan are made to the consul general of Spain as the representative of the protecting power for Japanese interests in Canada. The consul general has not informed this government of the number of applications he has received. It is expected that the Japanese government will ask for the repatriation from Canada of between sixty and one hundred Japanese on the next exchange ship which will take back Japanese nationals resident in the United States and Latin America as well as in Canada. The number of Canadians in Japanese hands is estimated at a thousand. In addition, there are about three hundred persons of British nationality, not being Canadians, whose next of kin live in Canada or who have some special connection with this country.

Mr. GREEN: In connection with that question may I ask why the government has not taken some steps to find out how many of these Japanese wish to be repatriated? There have been dispatches in the press stating that certain numbers in certain camps had asked to be repatriated. Would it not be wise for the government itself to find out the number who wish to go back?

Mr. MACKENZIE KING: I see no reason why that should not be done, but as to its practical value, that at the moment, would depend entirely upon the ships that might be available to take them back. The number are exceedingly few. Those who have applied already would exceed the number that can be taken back for some time. However, I think my hon. friend is right in suggesting that we might seek to ascertain how many would wish to go back, and I shall seek to have that done. The hon. member also asked about the tabling of the documents making up the so-called Lemieux agreement. The under-secretary of state informs me that it will take a day or so to prepare the papers, but I will undertake to see that they are tabled very shortly.

Mr. GREEN: Would that include the papers covering the agreement in 1928 or 1929?

Mr. MACKENZIE KING: My thought was to have everything covered.

Mr. Chairman, this is the first occasion on which the parliamentary assistant to the president of the privy council has had occasion to make a presentation to the house in connection with any part of the government's business. I should like to express my warm

appreciation of the excellence of his presentation this afternoon on the functions, the personnel and the services of the wartime information board. Hon. members will agree, I am sure, that from the point of view of giving in a concise and clear manner the fullest possible information on the work of the board, and matters relevant thereto, the parliamentary assistant left nothing to be desired. I also think that the manner in which my colleague has dealt with the estimates generally is an indication of the value to the house of having parliamentary assistants specially qualified to assist the administration in this House of Commons. I should like personally to express my thanks to the hon. member for St. Lawrence-St. George for the great assistance he has been to me in matters connected with the privy council and the many boards over which it must necessarily exercise supervision.

Mr. GRAYDON: Does that conclude all the answers the Prime Minister was to give?

Mr. MACKENZIE KING: I think it does.

Mr. STIRLING: The Prime Minister was good enough to say he would give me some information with regard to Canadians resident in Japan, to enable me to compare the conditions under which they live with the conditions under which Japanese live here. Perhaps that will be done on another occasion.

Mr. MACKENZIE KING: I thought I gave the figures this morning. As for a comparison of the conditions in the two countries, I should think that might come to be one man's opinion as against another's. Perhaps my hon. friend would be in a better position to suggest how they are living than I would be. However, I shall endeavour to get some statement which will be helpful.

Mr. STIRLING: I asked my question because we had been discussing the Red Cross, and the Prime Minister had intimated that they did receive information through the Red Cross from enemy countries. I asked whether through that source or some other source he was able to say to what extent Canadian civilian residents in Japan are at liberty, whether they are interned, or under what conditions they live.

Mr. MACKENZIE KING: I think I shall be able to get some of that information from the reports of representatives of the Red Cross.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Chief architect's branch.
Temporary building No. 8, $10,000.

Mr. GRAYDON: Where is this building located, and to what use is it put?

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Chairman, building No. 8 is on Carling Avenue. We have there the records division of the Department of National Defence (Army) which was transferred from the Daly building to this one. The space in the Daly building was used to consolidate the offices of the Department of Pensions and National Health, formerly in the Plaza and Transportation buildings. Ninety thousand square feet in this new building now house the registration divisions in connection with the Department of Labour, formerly in the Rideau winter club, the Confederation building and 193 Sparks street. In addition, postal censorship is in building No. 8. It has 194,000 square feet of office space, and 6,000 square feet of storage space.

Mr. GRAYDON: What is the $10,000 for?

Mr. FOURNIER (Hull): For ground work around the building. This work could not be done during the winter when the building was completed, or when it was being erected.

Mr. GRAYDON: Is this a permanent building?

Mr. FOURNIER (Hull): No. There are nine of these temporary buildings built on the same model. They are to be seen on Wellington street.

Mr. GRAYDON: I was wondering why we were spending $10,000 for ground work around a temporary building in war time.

Mr. FOURNIER (Hull): The building could not be left without levelling the ground and having it maintained as government buildings are generally maintained in Ottawa. This building cost $760,000, and this amount of $10,000 does not seem unreasonable for the work involved.

Mr. GRAYDON: What kind of work does this cover?

Mr. FOURNIER (Hull): It is for levelling and for filling in around the foundation. There is a similar building on Sussex street, built on the same model. What we are spending in this instance is based on what was spent in other instances. This includes levelling the ground, putting down sod, and filling in.

Item agreed to.

Chief architect's branch.

Ottawa, hostel for junior female employees in the public service, $5,000.

Mr. BOUCHER: What is this for?

Mr. FOURNIER (Hull): The same explanation applies in this as in the former item, namely for levelling, filling and putting down sod. This hostel has just been completed, and this work could not be done with the estimate provided last year, because it was built during the winter.

Mr. BOUCHER: Is that Laurentian terrace?

Mr. FOURNIER (Hull): Yes.

Mr. QUELCH: What is the housing capacity of this building?

Mr. FOURNIER (Hull): It was built for 360 young women, living in single or double rooms.

Mr. QUELCH: Have any moved into the building up to the present time, and, if so, how many?

Hon. N. A. McLARTY (Secretary of State): I was advised yesterday that 196 young ladies are now actually in residence. Allocations have been made to others who have to give notice at their present domiciles. It is expected that within a few days there will be 300. The total capacity is 360.

Mr. QUELCH: What is the charge for board and lodging in this building?

Mr. McLARTY: In a double room it is $8 a week, and in a single room, $9.50. All single rooms have been rented.

Mr. QUELCH: Has there been any criticism to the effect that the charge is too high?

Mr. McLARTY: There might have been some criticism, but nothing serious. Certainly there is no criticism from those who are enjoying the convenience it provides.

Mr. MARSHALL: What is the $5,000 for?

Mr. FOURNIER (Hull): For levelling off the ground, refilling and grading, and sodding.

Mr. ROSS (St. Paul's): Was this built by the Department of Public Works?

Mr. FOURNIER (Hull): Yes.

Mr. ROSS (St. Paul's): Have any of these buildings been built for the army, navy or air force?

Mr. FOURNIER (Hull): Some buildings are built by the army, navy or air force, as the case may be.

Item agreed to.

[Mr. A. Fournier.]

Chief architect's branch.

Repairs, alterations, operation and maintenance of buildings occupied for war purposes, $1,530,000.

Mr. GRAYDON: Is there a lengthy list of buildings on which repairs, alterations and the like have been made, under this item?

Mr. FOURNIER (Hull): I have an estimate, based on previous years' estimates for the same types of maintenance and repairs. It is divided up in this way:

Salaries and wages	$650,000
Cost of living bonus	110,000
Alterations	400,000
Light and power	160,000
Water and water rates	30,000
Fuel	140,000
Supplies for char service	30,000
Sundries	10,000

Mr. GRAYDON: This covers buildings throughout Canada?

Mr. FOURNIER (Hull): Yes, absolutely.

Mr. CASTLEDEN: Is the cost of living bonus $110,000?

Mr. FOURNIER (Hull): Yes.

Mr. MARSHALL: How much is actually spent on alterations in these two items?

Mr. FOURNIER (Hull): It is $400,000. This is the estimate for 1943-44. It compares with the item last year for the same purposes.

Mr. SHAW: Does this apply to buildings acquired since the outbreak of war and utilized strictly for war purposes? I have in mind the cases where it is found necessary to enlarge post offices on account of war conditions.

Mr. FOURNIER (Hull): We have not enlarged any post offices since the beginning of the war.

Mr. SHAW: There is one in my own constituency where extensive alterations were necessary because a military camp had been established there. Would that come out of this vote?

Mr. FOURNIER (Hull): Could the hon. member give me the name?

Mr. SHAW: Red Deer, Alberta.

Mr. FOURNIER (Hull): I have not that information here but I shall get it.

Mr. SHAW: When we are considering the post office estimates we are unable to get the correct picture because alterations, repairs and so forth of buildings are carried out by the Department of Public Works.

The CHAIRMAN: This is an item under the war appropriation measure, and it would

be impossible for the Minister of Public Works to give information pertaining to public buildings and post offices.

Mr. FOURNIER (Hull): All post offices are under the control of public works. We do the maintaining and repairs and alterations.

Item agreed to.

Chief architect's branch.
Rental of premises occupied for war purposes, $1,500,000.

Mr. MacNICOL: Does this cover all Canada?

Mr. FOURNIER (Hull): Yes.

Mr. ROSS (St. Paul's): For whom are these different premises rented?

Mr. FOURNIER (Hull): The details are as follows:

National defence	$339,355 83
Wartime prices and trade board	550,244 32
Munitions and supply	176,581 92
Other government departments, boards and commissions	386,749 88
United Kingdom payment office	49,801 70
Total	$1,502,733 65

Mr. PERLEY: Could the minister give the break-down for the three main cities in Saskatchewan, Moose Jaw, Regina and Saskatoon?

Mr. FOURNIER (Hull): The figures are:

National defence
Regina
Royal bank building, $3,000.
Royal bank building, $1,920.
Dominion life assurance, $20,000.

Wartime prices and trade board
Moose Jaw
Times company, $1,170.
North Battleford
V. J. Ferguson, $900.
Prince Albert
Masonic temple, $720.
Regina
David Silverman, $8,100.
Rosetown
Doctor E. T. Myers, $840.
Saskatoon
Georgia investment company, $2,160.
Swift Current
Fred C. Hayes, $660.
Weyburn
C. A. McCuaig, $1,020.
Yorkton
Bank of Montreal, $780.

Munitions and supply
Regina
G. Machaelis estate, $3,000.

Other departments
Maple Creek
H. Gillett, $300.
Regina
McCallum Hill building, $330.
McCallum Hill building, $480.
Saskatchewan Motor Company, $1,000.
Canadian Legion, $1,770.

Mr. PERLEY: I believe the air force has some space in Regina in the Trading company building.

Mr. FOURNIER (Hull): We would not pay for that. I have given the complete list.

Mr. WRIGHT: Could we have the same information for Alberta?

Mr. FOURNIER (Hull): It is as follows:

National defence
Calgary
N.W. Commercial Travellers Association, $6,820.
Arthur McLeod, $2,805.
Edmonton
Edmonton Credit, $6,000.
Bank of Commerce, $780.

Wartime prices and trade board
Calgary
Calgary Trust and Guarantee, $3,400.
Edmonton
Credit Foncier, $2,948.40.
Credit Foncier, $6,814.80.
Grande Prairie
Imperial bank, $180.
Imperial bank, $240.
Lethbridge
Baalim and McFarland, $600.
Medicine Hat
H. O. Duggan, $540.
Red Deer
Doctor F. E. Dodds, $720.

Munitions and supply
Calgary
Canada Life, $360.

Other government departments
Calgary
Calgary Trust and Guarantee, $240.
Bank of Toronto, $3,600.
Edmonton
Tegler Building Limited, $300.
McLeod building, $900.
Saint Joseph's college, $504.
Tegler Building Limited, $2,100.
H. A. Friedman, $10,800.
Imperial bank, $900.

Mr. ROSS (St. Paul's): Who is responsible for the valuation of the different properties, and who makes the recommendation that the amount of rental asked is reasonable?

Mr. FOURNIER (Hull): The resident architect in each district makes the valuation and reports on the rental and the space.

Mr. ROSS (St. Paul's): I understand the Department of National Defence has its own real estate man.

Mr. FOURNIER (Hull): They look after their own buildings.

Mr. ROSS (St. Paul's): In some cases you build buildings for the navy and army?

Mr. FOURNIER (Hull): No.

Mr. ROSS (St. Paul's): Do you rent buildings for the navy and army?

Mr. FOURNIER (Hull): Yes.

Mr. ROSS (St. Paul's): Why the distinction?

Mr. FOURNIER (Hull): We do not interfere with the active services; but if they need office space, say in Calgary or Toronto, they will ask us for it. Then we try to rent space or give them space in one of our public buildings if it is available. We take care of the space, see that it is kept in good repair and provide caretaker service.

Mr. ROSS (St. Paul's): Do you rent for Wartime Housing?

Mr. FOURNIER (Hull): That is a separate corporation.

Mr. CHURCH: A return brought down to the house last June showed the public property which had been turned over by the provinces and the municipalities to the government for war purposes. I should like to know the policy of the government in this connection. I notice that the school board in Toronto has turned over some property, and the exhibition grounds, other public buildings and parts of the university of Toronto have been turned over. Some of the space in this exempt property should be used instead of paying these rentals. Last session the minister said that during the recess he would have a survey or study made to see what economies could be effected. You have a large building for the post office in Toronto which has been taken over by the ordnance department. The ordnance department should have gone out to the exhibition grounds or they could have used some of the huts erected by the air force in the central part of the harbour improvements. There is considerable wastage there. What are you going to do after the war? Are these temporary leases? After the last war there was considerable trouble between the government and the lessees and the lessors in getting the property back with the accrued rent. There is no reason why public buildings which house three or four departments in time of peace should not be able to house three or four departments in time of war, but all three military services have separate buildings. Surely there should be some coordination, especially when the municipalities are most generous in offering property for the use of the government. The city of Toronto and the province of Ontario have been most generous in offering buildings to the government for use in the war. The minister stated last session that he would make a study of this matter in the recess, and I should like to hear from him.

Mr. FOURNIER (Hull): I hope it is understood that the three service departments have their own buildings, their own engineers and their own staffs. They have more experience in the erection of the particular type of building suitable for their purposes. Of course, if they need office space they apply to the public works department. All departments apply to public works for space, and during the war we try to rent space where we can. Sometimes we purchase a building, but not very often. It is only when we cannot get a suitable building to rent that we erect buildings. The situation in the city of Ottawa has now become stabilized to a certain extent. I know the situation in Toronto about the post office, and we are trying to find suitable space for housing the ordnance department so that the post office will have the use of that building. We cannot, however, have buildings just for one department. We generally house many departments in the same building in order to economize.

Mr. CHURCH: In the city of Toronto there are a great many properties that could be used, on Toronto street, for instance, on the north side of King street, between Toronto and Church streets, and other property back of the post office around Adelaide and Church and Lombard and Victoria streets. Some of that property is not being used at all. There is also the old York chambers at the corner of King and Court streets. You are opening up a big terminal in Montreal to-morrow, costing $29,000,000. Why should it not be used for war purposes? There is a great deal of crown lands which could be put to some useful purpose in war time.

Item agreed to.

Chief engineer's branch.

Seymour Narrows, B.C.—Removal of ripple rocks and construction of dam, $200,000.

Mr. STIRLING: Would the minister be good enough to give a report of the progress made in this work and indicate whether it is anticipated that this sum will be sufficient to complete it, and when he expects completion?

Mr. FOURNIER (Hull): I am informed by my officials that the work should be completed within eight months. It has been a running contract, and the amount that is voted this year is to complete the contract. The contract was modified last year to meet representations that were made on behalf of the United States government. I might read a memorandum I have here:

Representations were made on behalf of the United States government that the safety of their vessels using these waters makes it desirable to provide for a depth of 33·8 feet instead of 30 feet as provided for under the contract. The contractors have agreed to execute the

whole work including this additional work requested, at an estimated cost of $473,894 plus a fee of $35,000.

The fee in the first contract was $25,000, but we had to revise the contract because the depth of thirty feet provided for under the original contract was not considered safe for large vessels passing through. The revised contract provides that the fee of $35,000 is to be reduced to $28,500 if the estimate is exceeded. The contractors are to receive an additional ten per cent of net savings affected from the estimate of $473,894 less salvage received for the drill boat.

We asked for tenders in this case and nobody would tender, and this was about the only way in which we could find somebody to do the work on the basis of cost, plus a fixed fee. The amount set out in the estimates this year is to complete the contract.

Mr. STIRLING: Does the minister mean another $473,000 on top of this?

Mr. FOURNIER (Hull): No; that is the total. The first contract was for $300,000. In 1942-43 we expended $158,646.40. The revised estimate of the total cost is $473,000.

Mr. STIRLING: The minister mentioned that the work is expected to be completed within eight months. Does he mean it will be finished in the spring, eight months from now?

Mr. FOURNIER (Hull): Yes.

Item agreed to.

Chief engineer's branch.

Saint John harbour (Courtenay bay), N.B.—Dredging, $100,000.

Mr. O'BRIEN: Would the minister give a brief explanation of this item? How is this work progressing?

Mr. FOURNIER (Hull): We have a contract with the Canadian Dredging and Dock Company, which was authorized in 1941. The amount of the contract is $553,122. This company was the lowest tenderer in answer to public advertisements.

The dredging was requested by the British admiralty technical mission to enable capital ships to use the Saint John dry dock with safety. The work consisted of widening the outer leg of Courtenay bay channel and deepening a section of Courtenay bay turning basin, both to a grade depth of seventeen feet. The original total estimated cost is $559,970. The estimated balance for 1943-44 is $100,000.

Item agreed to.

Contingencies, $50,000.

Mr. MARSHALL: Would the minister give a break-down of this $50,000?

Mr. FOURNIER (Hull): We cannot give a break-down, because we would have to foresee everything that would have to be done with this money, but it is based on the former year's estimates, war appropriations. Last year under this item we spent $20,534, and now we are voting the amount asked for. It is to meet any unforeseen need.

Mr. MacNICOL: You may not use it at all.

Mr. FOURNIER (Hull): Right.

Item agreed to.

Mr. MACKENZIE (Vancouver Centre): We shall now proceed to the Department of National War Services. Two of the ministers whose items were mentioned last night are unavoidably absent to-night.

DEPARTMENT OF NATIONAL WAR SERVICES

Departmental administration, $91,335.

Hon. L. R. LaFLECHE (Minister of National War Services): As explained by the Minister of Pensions and National Health, I come on with the consent of this honourable house because other gentlemen are not prepared at the moment. May I begin by saying that should we be fortunate enough to get down to censorship, I would not propose going into that matter now because there are some questions from the loyal opposition which I wish to satisfy.

There is a decrease of $9,165 as compared with last year. That is made up of a decrease in salaries of $11,000 odd. What we ask for this year is: salaries, $53,895; travelling expenses remain at $6,000; printing and stationery at $20,000, and miscellaneous at $5,000. These figures remain the same as they were last year. The difference is to be found in a decrease in salaries, with slight increases in some very small items to arrive at $9,165 net decrease.

Mr. KNOWLES: Most of the other ministers made a general statement as to the work of their departments. Will the minister do likewise?

Mr. LaFLECHE: I had thought of that, and I made inquiries and was advised by friends that it would be better perhaps if I waited until questions came up in connection with each vote. I come prepared as best I can to-night to do so. I have no general statement to make to-night, but I shall do my best to try to explain each vote as we reach it, as has been done in some of the other departments.

Item agreed to.

War charities division

General	$ 46,000
Auxiliary services	7,000,000
	$7,046,000

Mr. STIRLING: Has the minister a statement to make with regard to a general national appeal for war charities this year? Will it be continued on the same basis as in previous years? Will the charities included in that appeal be the same as those in other years?

Mr. LaFLECHE: The auxiliary services during the present fiscal year will again be dealt with as they were in the year 1942-43. In regard to a joint appeal, I take it the hon. gentleman refers to the Red Cross?

Mr. STIRLING: There are six or seven of them.

Mr. LaFLECHE: I think my hon. friend has in mind the Canadian Legion, Knights of Columbus, Y.M.C.A., Y.W.C.A., the Salvation Army and the Navy League. Those are the six national organizations that have been doing, from very early in the war, what are termed auxiliary services. Funds were first provided for these purposes by an appeal to the public. A little over a year ago it was decided that these services being necessarily and directly for the members of the armed forces, in the interests of all concerned they should be provided by means of funds voted by this house and paid by the Department of National War Services to each of these six national organizations, and in the current fiscal year the method adopted last year will be followed again.

Mr. STIRLING: The same sum of money to each?

Mr. LaFLECHE: We have provided for $500,000 more in the vote now before the committee than last year, because the number of members of the armed forces has increased very considerably, as all hon. members know. I cannot give the figures, but there is a direct ratio between the number of members of the armed forces and the extent, and therefore the expense, of the auxiliary services. One does not know definitely in advance just how much money will be required, for this very good reason. One or more of the six national organizations known as auxiliary services is assigned the duty of carrying on auxiliary services as the need arises in one of the three defence departments, that is, in connection with the navy, the army or the air force. Then there is an interdepartmental committee upon which the representatives of the armed forces themselves have a majority of votes. In fact, it is the armed forces that really decide whether it shall be this particular organization or another. Finally, the duty and the honour of serving a particular new requirement is assigned to a particular organization, and that is the beginning of what turns out to be an expense. The organization charged with that particular duty then prepares and submits a budget. It has all the information which the armed forces can furnish. It knows how many members of the service concerned will be stationed at such and such a point. They submit their budget, and it comes before what is known as the national war services advisory board, upon whose recommendation the Minister of National War Services approves or does not approve, as the case may be, and sometimes questions with a view to getting more information. I am trying to explain that there is an increase of $500,000; it is the amount as best can be estimated in advance to be used for requirements which may arise throughout the year.

Mr. STIRLING: That extra half a million dollars is allocated by the minister to some of the six auxiliary services after receiving the advice of the committee to which the minister refers; is that it?

Mr. LaFLECHE: Precisely. The requirement is first stated, and the job is assigned to one of the six organizations by the armed forces committee already mentioned. The chosen organization submits the budget to the national war services advisory board; that board recommends to the minister; it is upon the minister's approval that the money is made available, and of course each one of these organizations must account to the Department of National War Services for the money paid to it.

For fear that I may not have as good an opportunity later on this evening, I should like to express my admiration of this national war services advisory board. I have been to their meetings, I have watched them work; I have seen men there who are known from one end of Canada to the other for their achievements in the business world and in the spheres of charity and philanthropy, and I should like to say publicly how solicitous they are to see that all established requirements for the boys and girls in the armed forces are attended to, and how careful they are with the country's money. What I am particularly pleased about, and I make bold to say, what every hon. member will be happy to know, is that approval was given nearly

two months ago to set aside and make available a sum of $250,000, I believe, so that these national organizations, the auxiliary services, could follow Canadian troops, the navy or the air force when they take the offensive. I was a very proud man when I saw in the newspaper to-day that one of these auxiliary services is now in Sicily with our fighting forces.

Mr. PERLEY: Could the minister give a break-down showing how much was paid to each one of these six organizations last year, and how much he estimates they will need this year?

Mr. LaFLECHE: With pleasure. The latest figures I have, which I must impress upon hon. members were made up before the final figures were completed for last year, although very nearly correct, I understand, are as follows, representing financing for auxiliary service work:

Canadian Legion	$1,455,549
Knights of Columbus	869,951
Salvation Army	1,080,195
Y.M.C.A.	2,527,154
Y.W.C.A.	335,607
Navy League	281,119

I might explain that the Y.W.C.A. do not operate on as wide a field as the Y.M.C.A. They are an organization of ladies looking after, particularly, the families of men in camp. They receive them and look after them. I know they were established at Valcartier camp: my wife went there to see a member of the family, and she told me how nicely these ladies looked after her.

The Navy League, of course, operate in only a few places in Canada. They do a marvellous work for marvellous men—the merchant seamen particularly, as of course, the navy men, and they do not require to be financed in the amounts needed by the other four principal associations.

Mr. STIRLING: The Red Cross has not come into this arrangement of the auxiliary services. I believe it declined to do so last year, and it is not yet in. Therefore does the minister anticipate that there will be a national Red Cross appeal in the coming year?

Mr. LaFLECHE: I am sure the hon. member for Yale will not mind if I attempt to explain the situation somewhat. The Canadian Red Cross society is not one of the auxiliary services financed from the public treasury, as these other six associations are. There was, I understand, at the time some question of a joint appeal when these associations were raising funds to do auxiliary services work with funds raised by public subscription. I do not know sufficiently well to say why the Red Cross did not come in, but I have every reason to believe that the Canadian Red Cross society and the other associations are quite happy at the way things are going and quite satisfied with their present status in relation to what I am trying to explain. It is true that this year there was a national campaign for the Red Cross. They set their objective at $10,000,000, and all are glad that they went beyond the mark. We know there is always plenty of good, patriotic work of this kind which can be done if the funds are available. There is rarely too much money either in the church or in charitable or patriotic societies. I would expect, although it is not yet settled, that there will be another public subscription campaign for the Canadian Red Cross society. The dates have not yet been fixed; I am not even sure that they have applied for permission to hold their public campaign, but I take it for granted that they will again request permission to do so. I hope that the Canadian people will as generously support the appeal.

Mr. ROSS (St. Pauls'): Is it not the fact that the Red Cross cannot receive, by virtue of the Geneva convention or some other provision, grants from government or public funds; that it must be independent?

Mr. LaFLECHE: The hon. member for St. Paul's has correctly stated the attitude and contention of the Canadian Red Cross society. I should like to be able to say definitely whether that contention is in all respects correct. I would rather put it in this way, that it is really a matter which has to do with international relations, if not international law, and I am sure the hon. gentleman will not hold me to an absolutely definite answer one way or the other. The Canadian Red Cross society hold that the fact that they are part of the International Red Cross organization prevents them from being financed by or with government funds. That is the position they take, and I should think there is much to be said for their contention.

Mr. CHURCH: I have had a long connection with this charity business, and in the last war things were done differently. About six weeks ago I asked the finance department to give me a statement in regard to the War Charities Act, which was passed in the fall of 1939, I think about a month after war broke out, laying down certain rules and regulations in regard to all charities and auxiliary services. I find that the act is not being carried out. The figures the minister gave to-night are a little at variance with the information I

received about six weeks ago. At that time the figure given me was $6,000,000, while for the coming year the minister says the amount will be about $7,000,000, and he has given a list of the charities which are included. The Minister of National Defence appointed a commission to go to England and look into these war services, to ascertain if there was any duplication between the Red Cross, the Y.M.C.A., the Knights of Columbus, the Navy League and so on; I think the I.O.D.E. were in it originally but withdrew after a meeting with the minister.

No doubt these organizations have done a great deal of good work; I am not here to criticize them at all, but I say there is much duplication. The report made by the late lamented leader of this party, Doctor Manion, was a good report, but it was never tabled in this house. Looking over it, I find that some of these organizations are overlapping in their work in England and elsewhere. The minister says these people are well satisfied. Of course they are satisfied; they are getting from this fund far more than they expected. We understood that there was to be one fund, and that the victory loan was to have precedence over all war charities. At the time the Minister of Agriculture was in charge of this department he had a meeting with these bodies, at which he told the Red Cross that was the last year they would be allowed to run their own campaign for the raising of money. The Red Cross has always done very fine work at home and abroad, in peace and war alike; there is no criticism of it or of any of the other fine war charities, but it is up to the government to find out if there is any overlapping. Some of this work which originally was done exclusively by one organization has now been extended so that six or seven different bodies participate in it, and they all seem to have their ways of raising money. Take the one at the foot of the list, with some $200,000. They go to work and raise funds in the city of Montreal; then in Toronto they have a Navy League compaign; then they come along and have a tag day. When the War Charities Act was passed the minister was given power to make rules and regulations which would have almost the force and effect of law, in order that the activities of these organizations might be controlled; yet these charities are appealing to the public for additional funds. The hon. member for Temiscouata was given an answer about a week ago, which appeared in *Hansard,* in regard to war charities, and I think the figures he obtained are about the same as those which were given by the minister a few moments ago.

[Mr. Church.]

I believe further study should be given this matter. After all, $7,000,000 is a great deal of money to be taken from the taxpayers, especially in view of the fact that almost every day of the week they are asked for some donation or other, and almost every Saturday there is some kind of tag day to raise money for war purposes. In addition, I believe the Y.M.C.A. made a public appeal last spring for about $250,000, with advertising on billboards and so on, which must have cost a good deal of money. I should like to mention one other fund which does not cost the state a cent; I refer to the Toronto *Telegram's* fund for British war victims, which has been administered without a cent of cost to the people, which is supported by old and young alike and which serves a commendable purpose.

In the report prepared by Doctor Manion reference was made to private organizations collecting money to provide the forces with sporting goods and equipment, but we find that this work is also done by the Y.M.C.A. and other organizations. During the last war we had a very fine organization in Toronto which carried on this work; I refer to the sportsmen's fund. Yet in spite of what is being done by these organizations we find that provision has been made in the estimates of the armed forces for expenditure of up to $175,000 for equipment of this kind. At the end of the fourth year of the war, with very heavy income taxes, business taxes and sales taxes, with nearly $5,000,000 a day being spent on the war, the public are getting sick and tired of all these funds, and their pockets are being drained. When the taxes are paid; when the orders of the controllers and subcontrollers are obeyed, I do not know anyone who has any money left to subscribe in this way.

The minister says these people are very happy about the whole thing. Of course they are happy; they come to Ottawa and sit down on the chesterfields or comfortable chairs we have heard about, put their feet on the rugs we have read about, and ask for a little something extra this year, raising the estimates sky-high. There should be some public control over these charities. I regret to have to say this, but it is in the public interest. I am sorry I have not my file here to-night; I cannot carry it with me all the time, but from what I have seen of this work in some of the camps and some of the services I know there has been duplication. I believe it was the present minister for air who introduced the War Charities Act just before the war session of 1939 concluded, and at that time he said the act would be strictly enforced,

that we would not repeat the mistakes we made in the last war, with local funds, provincial funds and federal funds all mixed up, to the detriment of the victory loans. I do not blame these people for being satisfied; of course they should be satisfied. Take the Y.M.C.A.; they are doing very good work, no doubt, as all the charities are doing good work, but I contend that there is duplication and waste in connection with some of these funds; duplication of service and waste in connection with overhead charges.

Some of the equipment that has been supplied has been donated without charge. They go around the streets and collect equipment of all kinds. No doubt this is done to effect economy, and no doubt they are doing a good work. I am not here to criticize these funds, because they are supported by public-spirited citizens who go down in their pockets liberally. But I do say that because of the mistakes at the time of the last war there should be more coordination of the funds of these various organizations. No doubt the work they are doing is excellent, but I cannot see why it is necessary to have separate real estate, separate staffs, separate stenographers, separate advertising on the billboards and in the newspapers and all that kind of thing, for seven different funds, with a vote of $7,000,000. If it goes on for another year or two it will be up to $10,000,000. I urge upon the minister that he bring about more coordination in the interests of economy and efficiency, and to protect the taxpayer who, almost every day, has a hat placed in front of him, and is asked to chip in and to subscribe to many different funds for war purposes.

Mr. MARSHALL: Is the minister responsible for the operation and supervision of canteens? If so, under what item might they be discussed?

Mr. LaFLECHE: Is the hon. member referring to canteens operated by military units, or those operated by the auxiliary services? If the former, then that is entirely a regimental matter, and under the control of the Department of National Defence. As I recall—and I hope I am right—they have a special canteen committee which looks after these matters. But that particular kind of canteen does not come under this vote, or under my department.

Mr. MARSHALL: It is under the Department of National Defence, then?

Mr. LaFLECHE: If it is a military canteen, yes.

Mr. MARSHALL: What about the Navy-Army-Air Force Institute?

Mr. LaFLECHE: That is a British organization.

Mr. MARSHALL: But there is a Canadian Branch?

Mr. LaFLECHE: The N.A.A.F.I. is a British organization, although it may have branches in this country. I am not sure about that. Again I must say it is not in my department. I wish I had the information, but unfortunately I have not.

Mr. MARSHALL: Is this $7,000,000 in addition to moneys which might be raised from drives for funds?

Mr. LaFLECHE: These moneys are given from public funds, in lieu of public subscription. A moment ago the hon. member for Broadview referred to the Imperial Order of the Daughters of the Empire. I might point out that last year of their own accord they preferred to raise funds through public subscription and, of course, their wishes were met. Last year, to the extent of $281,119 the Navy League financed from this vote, for particular wartime purposes. Then they went to the public for the funds which they would require in ordinary times, with the possible exception of certain commodities and other things which they require for the men of the sea.

Mr. MARSHALL: On what basis are these moneys allocated to the various organizations?

Mr. LaFLECHE: The moneys are paid following the assignment to a particular piece of work for the armed forces. The association in question puts it into a budget, which is gone over very carefully. When found correct, it is approved by the Minister of National War Services, and in that way the particular task is financed.

Mr. FRASER (Peterborough West): At the present time the Department of National War Services appears to be trying to bring the different auxiliary services in the different cities together under what they call a coordinating war services auxiliary or committee. I understand the department expects that committee to look after the entertainment of soldiers, sailors and airmen in the different cities. Does the department supply the money, or do the cities have to raise that amount?

Mr. LaFLECHE: The hon. member for Peterborough West has referred to local coordinating citizens committees. At the moment they are not financed. Some have requested

consideration of their difficulties in finding relatively small sums of money to pay for postage, for clerks or even for the rental of office space, and that matter is under consideration. At the moment, however, these committees which answer local needs, or which are developed because there is a need for work in a particular community, are supposed at the moment to finance themselves. I might say that, generally speaking, they do not have to spend so much money. I will grant, of course, that if a properly ambitious and patriotic local committee does go in for meeting trains bearing members of the armed forces who pass through a town, or who come to a city or town for a week-end, it would run into considerable money. But in many places there are other organizations to do that work. Coordinating committees are rather well described by the word "coordinating". I trust that is the information the hon. member wants?

Mr. FRASER (Peterborough West): In Peterborough we have a recreation centre for the armed forces. This has been carried on by the Kiwanis club, and at least 150,000 men of the armed forces have been entertained in that centre. Other activities in Peterborough are being carried on by other organizations. Do I understand that someone in the Department of National War Services has asked that dances be arranged for the soldiers? Under those circumstances I wonder whether financial arrangements would have to be made locally, or if they would be made by the department. A dance costs a lot of money, if one has to hire an orchestra.

Mr. LaFLECHE: If anyone on behalf of the Department of National War Services has requested that recreational or amusement features be entered into, it is really to answer a need proclaimed by the armed forces themselves. We do many times make known to local communities, through the agency of one organization or another, that at such-and-such a spot the boys are lonesome, and it would be a fine thing if something were done about it. The department does not anticipate organizing dances.

Mr. FRASER (Peterborough West): I placed a question on the order paper in regard to Miss Helen Doherty, and I should like to know if that would come under this item.

Mr. LaFLECHE: Miss Doherty is general assistant in the Department of National War Services.

Mr. FRASER (Peterborough West): That matter would be discussed under the civil estimates.

Mr. LaFLECHE: That is right.

[Mr. LaFlèche.]

Mr. GRAYDON: Would the women's volunteer services come under this particular item or under the civil estimates?

Mr. LaFLECHE: That would come under sundry services, not because it is not important but because the treasury board lumped a number of lesser sums together. If the hon. gentleman wishes to discuss the women's volunteer services under this item, I am perfectly happy to have him do so.

Mr. GRAYDON: I have no desire to alter the sequence at all.

Mr. HANSELL: We are being asked to vote $7,000,000 for auxiliary services. Have any of the organizations which would come under this vote made a popular appeal for funds during the past year and, if so, what amounts were collected?

Mr. LaFLECHE: I have stated already that last year the Red Cross went to the country and got over $10,000,000. That was their objective and they got it. Among the organizations that I mentioned is the Navy League which did go to the public for some money. However, that was not to carry on any of the work covered by this item.

Item agreed to.

Salvage division, $396,965.

Mr. WRIGHT: At sidings and railway stations of western Canada are to be found hundreds of tons of scrap iron which were collected by voluntary organizations. Some two and a half years ago the government made an appeal for the collection of scrap and passed a regulation which made it illegal to have more than 300 pounds of scrap on any farm. Voluntary organizations collected this scrap metal but, judging from what one sees when travelling on the train, apparently very little of it has been shipped. The result is that many of the organizations have become discouraged after having expended considerable efforts in collecting this scrap.

Mr. LaFLECHE: I believe the hon. member is referring to small quantities of scrap iron. These have been left where they are until some economic arrangement can be worked out to move this scrap material. Throughout Canada there are piles of salvaged materials of one kind and another which have been collected and which are immediately available. The location and availability of these materials are known to those concerned. These piles are a very necessary reserve. Could the hon. gentleman give me more precise details as to the localities, and then I should be glad to have the matter looked

into and to give him full information. If it is a matter of two or three hundred pounds—I think the hon. member mentioned that figure —it would hardly be worth shipping.

Mr. WRIGHT: The three hundred pounds I mentioned had reference to the limit on the amount of scrap which could be left on a farm under the regulations passed by the government. The other scrap I am referring to runs into hundreds of thousands of pounds. These piles of scrap are to be seen at almost every station and on almost every loading platform in western Canada, and the people wonder why it is not being used.

Mr. LaFLECHE: It is these large quantities of scrap which have been gathered together that I had in mind a moment ago. These are reserve piles, and their whereabouts and availability are known. They form part of the inventory of the industry concerned.

Mr. MARSHALL: A perusal of the figures covering the operations of this particular branch of the Department of National War Services would seem to indicate that the costs are mounting and that we are building up more or less of a bureaucracy. The auditor general's report for the year ended March 31, 1942, shows expenditures in round figures of $160,000. This year it is proposed to spend more than twice this amount, and I should like to have a break-down of this item into the following divisions:

Salaries.
Travelling expenses.
Publicity.
Printing and stationery.
Telegrams and telegraphs.
Miscellaneous.

Mr. LaFLECHE: The break-down I have does not show telegrams separately, but otherwise I think it gives the information desired by the hon. member. Salaries amount to $79,715, which is an increase of $8,715 over last year. The other figures for last year and this year are as follows:

	1943-44	Last year
Cost of living bonus....	$ 3,000	$ 2,000
Unemployment insurance	250	130
Travelling expenses.....	50,000	34,000
Printing and stationery.	4,000	3,750
Publicity	250,000	195,000
Miscellaneous	10,000	7,000

Mr. MARSHALL: I think it would be interesting to the committee for me to place on *Hansard* for purposes of comparison the amount actually expended on this work for the fiscal year ended March 31, 1942. These figures are from the auditor general's report and are the only ones available to me.

Mr. LaFLECHE: I have the figures for the fiscal year ending March 31, 1943, if the hon. gentleman would like them.

Mr. MARSHALL: Are they authentic, from the auditor general?

Mr. LaFLECHE: They were given to me by the chief treasury officer of my department, and I take them to be correct. May I put them on record?

Mr. MARSHALL: If the minister would.

Mr. LaFLECHE: These are the expenditures for the fiscal year to March 31, 1943: salaries, $69,636.83; cost of living bonus, $1,813.96; unemployment insurance, $133.45; travelling expenses, $29,580.34; printing and stationery, $9,454.86; publicity, $149,922.18; miscellaneous, $6,419.40; making a total, as given me, of $266,961.02.

Mr. MARSHALL: I think it would still be of interest for me to place on *Hansard* for purposes of comparison the expenditures for the previous year, when scrap was more difficult to get.

Mr. LaFLECHE: It is more difficult to get it now.

Mr. MARSHALL: There is plenty of scrap in the country to-day.

Mr. LaFLECHE: It is more difficult to get it now, and the country needs it so badly.

Mr. MARSHALL: The expenditures for last year were: salaries, $15,680.22; travelling expenses, $7,342.34; publicity, $127,349.71; printing and stationery, $2,728.97; telegrams and telephones, $854.65; miscellaneous, $5,-262.34; making a total of $159,218.23. To-day the figures are more than double that, and I see no justification for such an increase in the amount that is being asked for this year.

Mr. LaFLECHE: I hope I can explain it to the satisfaction of my hon. friend. It has been necessary to go farther afield for many commodities that can be salvaged. The whole of Canada is now pretty well covered, and a greater variety of goods is being collected. It is more difficult now to get the quantities of materials required by the different industries in Canada for the simple reason that the bulk of the salvage has been taken off; the back yards have been cleaned out to a much greater extent than they were two years ago. Junk has been picked up and turned in. Fats and bones, while not a romantic subject, are extremely important in providing glycerine which is necessary in making explosives. We have to ask and train the whole of Canada into a routine to save fats and bones on account of the necessity of making available to the fighting nations explosives which are derived from some of the ingredients of fats and bones. Scrap metals of all kinds are also wanted, and rubber; we are far from being out of the

woods in regard to rubber. The time will come, and the quicker the better, when it will not be necessary to ask all the citizens of Canada for the sake of victory to turn in their rubber tires and other articles made of rubber. I agree with the hon. member for Camrose that it is difficult to become enthusiastic about salvage. But these materials are of vital necessity in the war. At one time during this war I had the honour of wearing the king's uniform and it was not so easy, I assure the committee, to change from one role to the other. Yet I must express my deep admiration to the citizens of this country who are doing their best in this way to help win the war. I would not be a party to an extravagant organization, nor would I appear before this house if I did not think salvage was necessary.

One more thing. At this moment in the history of the world money is not worth anything compared with the blood of our boys in Sicily who maybe are being killed to-night.

Mr. MARSHALL: Hear, hear.

Mr. LaFLECHE: Then let us not hear about money against blood.

Mr. HANSELL: I do not want to hold up the item, and it is getting near eleven o'clock. We all agree with what the minister has said about the comparison between blood and money, but I do not really think that enters into the picture at all.

Could the minister give to the committee, perhaps not to-night but some other night, the value of the materials that have been salvaged, because it may be a pretty expensive job if we are spending nearly $400,000 to get these materials? Is a record kept of the value of the salvage at all?

The minister mentioned rubber. The minister perhaps does not travel extensively throughout the country and may not know how much rubber there is lying around this country. I asked the Minister of Munitions and Supply a few weeks ago why this rubber was not being reclaimed, and he said that the reclaiming plants were overstocked now and that we have not enough plants to care for the old rubber we have on hand. I am not overlooking the fact that we may need rubber just the same.

A word about scrap iron. The farmers have hauled in tons and tons of scrap iron to their various communities. They have to do it by the regulations and at their own expense. I am going to suggest to the minister what I suggested to his predecessor, that it would be a magnanimous thing, and yet only what we might expect, if the railway companies would at least haul that scrap iron free of charge to some central point where it is needed. The few gallons used by the farmer in hauling in the scrap iron means more to him than one carload in a thirty or forty-car train means to the railways. I make that suggestion and I hope the minister will give it consideration. At some future time—I am not asking the minister to do it to-night—I hope he will also tell the committee the value of the salvage that has been collected in this country.

Mr. LaFLECHE: I shall be very happy to put on the record the information desired by the hon. gentleman. I can give a very rough total figure to-night. We have recorded in the books of the department something over 300,000 tons of salvaged material. It is difficult to put a market value on it. I repeat, when you badly need a commodity in war time, if you have the material the cost is of secondary importance. Nevertheless, I shall bring the information down.

Item agreed to.

Progress reported.

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

[Mr. LaFlèche.]

Wednesday, July 14, 1943

The house met at eleven o'clock.

REPORTS OF COMMITTEES

Third report of special committee on social security.—Mr. Macmillan.

Fourth and final report of standing committee on public accounts.—Mr. Fraser (Northumberland).

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NON-COMBATANT SERVICES FOR CONSCIENTIOUS OBJECTORS

Mr. WINKLER:

1. Have steps been taken to accept into field ambulance and field hospital units those whose religious beliefs prevent them from bearing arms, and to form a new military category to make this possible?

2. Is this done by other allied nations?

Mr. MACDONALD (Halifax):

1. It has been decided to make arrangements so that they will be eligible for employment as required in military hospitals in Canada.

2. In the United States, according to the Selective Service Act of 1940, those, who, by reason of religious belief, are conscientiously opposed to participation in war and whose claims are sustained by the local board, if inducted into the forces, are assigned to non-combatant service. Conscientious objectors who volunteer may be allotted to medical units in the field.

In the United Kingdom according to the National Service (Armed Forces) Act 1939, conscientious objectors are directed into non-combatant corps for employment only in non-combatant duties. Those having a civilian trade peculiar to the Royal Army Medical Corps are directed into that corps for employment in any unit according to their medical category.

INTERDEPARTMENTAL COMMITTEE ON EMPLOYMENT AND REHABILITATION

Mr. MacNICOL:

1. Is there an interdepartmental committee representative of the defence departments, pensions and national health, and labour, the function of such committee being to plan employment and rehabilitation of ex-service men and others?
2. If so, (a) who are the members of this committee; (b) are they all civil servants; (c) are there any temporary civil servants on the committee? If so, who are they?
3. What has this committee recommended with regard to, (a) the continuance of national selective service for civilian purposes in time of peace; (b) extension of employment service of Canada control over civil employment; (c) compulsory filing by employers of lists of vacancies; (d) national selective service alone sending persons to fill such lists?

Mr. MACKENZIE (Vancouver Centre):

1. Yes.

2.(a) Chairman of the Canadian pension commission (chairman); associate deputy minister of pensions and national health (vice-chairman); chairman, civil service commission; deputy minister of labour or representative; deputy minister of public works or representative; director of auxiliary services, Department of National Defence; representatives of the services, Department of National Defence; deputy minister of pensions and national health; representative of the Department of Finance; representative of the Department of Agriculture; dominion statistician.

(b) Yes.

(c) No.

3. (a), (b), (c) and (d) All recommendations of this committee are made confidentially to cabinet committee which refers them to cabinet council when decision as to policy is to be reached. Policies are announced by the government in the usual way.

SELECTIVE SERVICE—C. F. NEEDHAM

Mr. STOKES:

1. Is C. F. Needham employed in national selective service?
2. If so, what is his official position?
3. What duties or functions does he perform as such?
4. Has he any other position?
5. What is his total yearly salary?
6. Is he entitled to any living or travelling allowances and expenses in addition to said salary?
7. If so, how much has been paid to him for such living or travelling allowances and expenses since he was appointed to his present post?
8. What governmental posts did he hold prior to his appointment to the said position?
9. What experience and qualifications does he possess for the discharge of his present duties?

Mr. MARTIN:

1. Yes.

2. Associate director of national selective service, civilian.

3. Assists director of N.S.S. in handling matters pertaining to civilian side of N.S.S. including labour supply problems, and in consultation with other government departments concerned deals with the establishment of labour priorities for industries and occupations, curtailment of non-essential industries for manpower, encourages dilution of labour by use of women, upgrading of employees, etc., organizes a manpower advisory committee in any industry where thought necessary with approval of the director of N.S.S. and collaborates with the director of employment service branch and unemployment insurance to draft the necessary instructions in regard to carrying out manpower policies and procedures relating to labour supply problems.

4. No.

5. $6,500.

6. Yes; actual and reasonable travelling and living expenses while absent from Toronto in the performance of his duties.

7. $1,643.70.

8. None.

9. For over forty years employed by Grand Trunk Railway and later Canadian National Railways in dealing with labour and associated matters and other railway subjects.

SELECTIVE SERVICE—LABOUR SUPPLY BRANCH

Mr. CARDIFF:

1. What are the functions of the labour supply branch of national selective service?
2. To what extent have these functions been performed to date?

Mr. MARTIN:

1. Makes recommendations on labour supply matters referred to it and in consultation with

other government departments concerned deals with the establishment of labour priorities for industries and occupations, curtailment of non-essential industries for man-power, encourages dilution of labour by use of women, upgrading of employees, etc., organizes a man-power advisory committee in any industry where thought necessary with approval of the director of national selective service and collaborates with the director of employment service branch and unemployment insurance to draft the necessary instructions in regard to carrying out man-power policies and procedures relating to labour supply problems.

2. The functions referred to have been carried out.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CHRISTIE STREET HOSPITAL

Mr. BRUCE:

1. How many veterans of the last war are still patients at Christie street hospital?
2. How many sick or wounded men returned from overseas since 1939 are now patients at Christie street hospital?
3. How many sick or wounded serving in, (a) the home defence army; (b) the reserve army, are now patients in Christie street hospital?
4. How many cases of venereal disease are now being treated at Christie street hospital as, (a) in-patients; (b) out-patients?
5. How many of these are male, and how many female?

PENSIONS AND NATIONAL HEALTH—HOSPITALS

Mr. BRUCE:

1. How many hospitals are operated by the Department of Pensions and National Health in Canada?
2. Where are these hospitals situated, and what is the bed capacity of each?
3. Do all or any of these hospitals receive casualties direct returning from overseas?
4. If so, which hospitals?
5. Do they receive patients from the home defence army, the reserve army and auxiliary services?
6. Is Christie street hospital reserved for any special type of patient?
7. If so, for what cases?

NATIONAL DEFENCE—HOSPITALS

Mr. BRUCE:

1. How many hospitals are operated in Canada by the Department of National Defence?
2. Where are these hospitals situated?
3. What is the bed capacity in each case?
4. Are all casualties returning from overseas admitted to one or other of these hospitals?
5. Are casualties occurring in the home defence army, reserve army and auxiliary services admitted to these hospitals?
6. If not, what other provision is made for these patients?
7. How many beds are held in reserve in the hospitals operated by the Department of National Defence?
8. Is this reserve accommodation sufficient to take care of the anticipated casualties for the coming year?
9. If not, what provision has been made for additional accommodation?

[Mr. Martin.]

AIR RAID PRECAUTIONS

Mr. BRUCE:

1. How much has been spent by the federal government in A.R.P. in each province up to March 31, 1943?
2. How much money has been spent by the federal government in the headquarters offices in each province since the inception of A.R.P. service and up to the end of March, 1943?
3. What are the names of the officials in charge of this A.R.P. work in each of the provinces?
4. What military rank, if any, has each of these officials?
5. What salary or other emolument does each officer at headquarters in each province receive?
6. What were the travelling expenses of each officer in charge of this work in each province for the fiscal year 1942-43?
7. Is the position of director of the A.R.P. service in any province a full-time position?
8. If so, in what province?
9. If not, what other positions are held by each A.R.P. director in each province?
10. How long will this expensive organization in the interior provinces of Canada be continued?

Mr. HANSON (York-Sunbury): When may we expect the information in respect to the preceding four questions to be brought down?

Mr. MACKENZIE (Vancouver Centre): I should think almost immediately, but they were not ready for to-day. I shall see to it that the information is brought down just as soon as possible.

MOTIONS FOR PAPERS

CENSORSHIP REGULATIONS OR INSTRUCTIONS

Mr. FRASER (Peterborough West):

For a copy of all censorship orders, regulations or instructions issued under government authority since the outbreak of war.

Mr. LaFLECHE: Stand.

Mr. FRASER (Peterborough West): How long is this going to stand, Mr. Speaker?

Mr. LaFLECHE: I have stated three times, I think, last week and earlier this week, that the gentleman concerned is expected back in town to-morrow. As soon as he arrives I shall see him.

Mr. HANSON (York-Sunbury): Would the minister be good enough to explain why this has to await the return of Colonel Biggar?

Mr. GRAYDON: When does the minister expect to bring down this information?

Mr. LaFLECHE: I shall give the answer as soon as I can possibly arrange to do so; as soon as I can consult this gentleman.

Mr. CHURCH: And where is the return on the same subject which was ordered last week?

Mr. LaFLECHE: I shall then explain to the house.

Motion stands.

CHRISTIE STREET HOSPITAL—VOLUNTARY NURSING AIDES

Mr. BRUCE:

For a copy of all correspondence exchanged between the Department of Pensions and National Health and, (a) war veterans' associations; (b) other organizations or boards of trade; (c) private individuals, since January 1, 1943, in regard to Christie street hospital.

Also a copy of reports of inspections made of Christie street hospital since 1938.

Also a copy of all correspondence passing between the Department of Pensions and National Health and the national commandant of the nursing auxiliary of the Canadian Red Cross Society and the lady-superintendent-in-chief of St. John Ambulance brigade in Canada, since January 1, 1943, regarding the employment of voluntary nursing aides in the Department of Pensions and National Health hospitals.

Mr. MACKENZIE (Vancouver Centre): In regard to the first part of the motion I must make the usual reservation in regard to any confidential documents. I do not think there are any, but that will apply in case there should be. This seems to be a sort of double motion; there is no connection between the second portion and the first part; I think perhaps there should be two separate returns, though it really does not matter.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion subject to the observations of the minister?

Motion agreed to.

INCOME TAX

CLAIMS FOR EXEMPTION IN REGARD TO ILLEGITIMATE CHILDREN

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to direct a question to the Minister of Finance, in view of the fact that many public bodies and private citizens have been protesting against what they believe to be a hardship occasioned by a recent ruling of the Department of Justice which means that, a parent supporting an illegitimate child cannot claim income tax exemption in respect of such child. I understand the minister has the matter under consideration at the moment. Will he inform the house what steps, if any, he is taking to amend the law in this regard?

Hon. J. L. ILSLEY (Minister of Finance): The only answer I can give is that this is a matter of government policy which will be announced in due course. However, I have advised those who have written me that I did not think it would be practicable to open up the Income War Tax Act again this session.

CANADIAN ARMY

DISTURBANCES AT SUSSEX MILITARY CAMP—INQUIRY AS TO ACTION TAKEN

On the orders of the day:

Hon. R. B. HANSON (York-Sunbury): I should like to direct a question to the Minister of National Defence with respect to the recent unpleasant occurrence at Camp Sussex. He will recall that on at least two previous occasions I made inquiry about this matter, at which times I was told that it was still under investigation. When may we expect some statement with respect to that affair?

Hon. J. L. RALSTON (Minister of National Defence): I can make a statement now as to the progress that has been made. The government of the province of New Brunswick advised that after investigation they had not sufficient evidence to warrant them in going ahead with any criminal charge, and left it to the military authorities to take such steps as they thought advisable. The military authorities immediately reconvened the court of inquiry; as a matter of fact I think there were some new officers on it from headquarters, in order to elicit the facts as fully as possible, not only with regard to the shooting incident but also with regard to the matter of discipline. That court of inquiry has reported; the matter now I think is in this stage, that charges are being laid and I am not sure that the court martial has not been constituted. Charges are being made against a number of individuals and I think one officer with respect to the matter of discipline in the camp and offences which may have been committed with reference to internal organization, as they appear to have arisen out of that unfortunate occurrence. The matter is being carried forward with the utmost celerity. It may seem to have taken a long time, but I can assure hon. members of the house that no time has been wasted. I have

taken a personal interest in the matter, and when I say it has involved the examination of at least a hundred individuals, if not more, I think hon. members will understand that a considerable amount of time has had to be taken.

THE WAR

OPERATIONS IN SICILY—OFFICER IN CHARGE OF CANADIAN FORCES

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): May I ask the Minister of National Defence if he is prepared as yet to announce the officer in charge of Canadian forces in Sicily?

Hon. J. L. RALSTON (Minister of National Defence): No, I am not able to do that, I am sorry to say. That is not because of any reluctance to give the information, naturally, because I should be very happy to give it if I could. It is because of the arrangement that exists, as between the various forces concerned, with the commander in chief, under which announcements of the kind are not made until the commander in chief advises that in the interests of security he is able to do so.

Hon. R. B. HANSON (York-Sunbury): It is a remarkable situation, because I have read in the press the names of all the allied commanders and Canada just is not in that picture. I do not understand it, and I do not think that should be the case. I hope there is a Canadian commander of some prominence and standing, so that we may not be left out of this show altogether.

Mr. RALSTON: I do not think Canada can complain of being left out of the show altogether, in view of the publicity she has been given—

Mr. HANSON (York-Sunbury): I mean with respect to commanders.

Mr. RALSTON: —and the fact that Canada's participation was fully announced at the very beginning. As a matter of fact I think perhaps the Prime Minister's statement was made before the leader of any other government made a similar announcement. With regard to the names of the officers in charge, of course hon. members will note that the announcement was not made with regard to the officers commanding formations but with regard to staff officers in charge of the whole operation. That is to say, there is the commander of the allied forces and the deputy commander; there is the commander of the combined British and Canadian forces, and the commander of the United States forces, but the announcement did not go down even to commanders of corps or commanders of divisions, in any case. I do not want to add fuel to the flame of public desire, but I must say that sometimes I am irked at the security regulations which it is thought necessary to enforce. Like the rest of us I have to trust that those in charge of this matter will realize how anxious the public are not only for the name of the commander but for the names of the units involved; and I have to believe that just as soon as they consider the interests of security permit, the announcement will be made.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am not sorry the hon. member for York-Sunbury (Mr. Hanson) has asked the question he has just asked. I should like to supplement what my colleague the Minister of National Defence (Mr. Ralston) has said, by a word with respect to making announcements on the progress of the war, on matters pertaining to our own troops in particular, and also on many matters which pertain to Canada's participation in the war.

I wish to say quite frankly that repeatedly I find myself in extremely difficult positions. From time to time, along with others, I have received confidential information as to what was about to take place, so that I might be fully informed. But I have also at the same time received word that this information on no account was to be released until receipt of further word. Such further word does not always come as rapidly as one might like it to come.

There is the fact that other nations, and other parts of the empire, are also engaged in this war. They also have troops on active service, and in some instances, of necessity, announcements have therefore to be restricted to those who are recognized as being in supreme control of the direction of the war. I believe we are all only too ready and too happy to recognize that the Prime Minister of the United Kingdom, Mr. Churchill, and the President of the United States, Mr. Roosevelt, are the two men to whom all parts of the united nations and of the empire look as the two who have under their control the supreme direction of the war. Announcements will undoubtedly from time to time be made by these two gentlemen. Members of the house and people throughout Canada may say to themselves that it is rather singular that the Prime Minister of Canada has not

made an announcement on this point, seeing that Canadian forces are so immediately involved and concerned. I have to choose between recognizing that other parts of the empire and others of the united nations would not wish to have Canada placed in a position more favourable than that which they occupy in connection with announcements of the kind, and leave those announcements either to Mr. Churchill, to the President or to both, or—as the other alternative—make a fuss about it, and see if the matter cannot be changed. I have felt that at least one of the greatest services I could render to all concerned at this time is to find as little fault as I can, and do as much as I can to avoid embarrassment. From time to time I have had to take that position, at the risk of great misunderstanding.

I do not mind telling the house, now that the event has passed, that all day Friday I had full knowledge of what was being planned. I was waiting for an opportunity to make an announcement on Friday, and until eleven o'clock at night I had hoped to be able to make it before the house adjourned. I had received a communication pointing out that for reasons of security no mention was to be made at all of the participation of the Canadian forces. And I might say that it was even contrary to the request I had received that no word was to be given respecting the participation of the Canadian forces in the invasion of Sicily until late Saturday—I say it was in spite of that that I made the announcement shortly after midnight on Friday. I made it because an announcement that Canadian troops were involved came, over the air, from military headquarters in the United States.

In justice to myself, and with a view to possible future situations, I feel I should make it clear that sometimes we in Canada are placed in very difficult positions. Let it be understood that I am not criticizing anyone. I do say that perhaps those who felt reasons of security would demand that there should be no mention of the participation of Canadian troops took that position for the best. But I have been asking myself what the House of Commons and the country would have had to say about the Prime Minister of Canada if he had not made any mention of the participation by Canadian troops in the attack upon Sicily until midnight on Saturday, instead of making it immediately after midnight on Friday.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Tuesday, July 13, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war.—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF FINANCE

Canadian wool board, administration, $500,000.

Mr. BLACKMORE: May we have a break-down showing how it is proposed that the $500,000 will be spent?

Hon. J. L. ILSLEY (Minister of Finance): This is merely an estimate of possible losses in the operation of the Canadian wool board. There is no break-down.

Mr. BLACKMORE: What is the policy of this board? What good is it to Canada? What is it really going to do?

Mr. ILSLEY: The Canadian wool board, a crown company, was established in March, 1942, for the primary purpose of providing a ready and stable market for Canadian produced wools, to eliminate the delays in moving the Canadian clip into production, and to stimulate improved grades and increased production. Its purpose was in part to stimulate an increased production of wool in Canada by assuring sheep growers of a stable market at known prices for all their production during the period of the war and one year after. In addition, it was intended to control supplies and distribution of imported wool for civilian purposes and to exercise any necessary controls over the supply and distribution of related products.

The wool board exercises its powers under the direction of the wartime prices and trade board and the Minister of Finance, and the wartime prices and trade board was empowered to delegate to it such powers as it found advisable. The wool board was empowered to deal in and allocate domestic and imported wool fabrics, fibres and other commodities, and was subsequently empowered by the wartime prices and trade board to fix the prices to be paid for Canadian produced wools, subject to the concurrence of the wartime prices and trade board.

The wool board is the sole purchaser of Canadian-produced wools. It buys only graded wool and only through registered warehouses. Agents, collectors, or wool growers' associations may be licensed by the wool board to operate on behalf of registered warehouses,

but payments for wool purchased are made directly to the grower by the registered warehouse on the basis of grade at the prices set by the wool board. The latter allows the warehouse a uniform commission. The wool board sells the wool so purchased for civilian requirements at prices in conformity with the domestic ceiling.

As the need has arisen the wool board has operated in the field of yarns, fibres and other related products as authorized in its charter. It has imported quantities of fleece wool, usually doing so in close cooperation with Melbourne Merchandising, its counterpart in the field of war requirements. On all importations, whether of fleece wool or yarns, fibres or other products, the wool board assumes the position of any private importer as regards import subsidies. On operations of this type it applies to Commodity Prices Stabilization Corporation for any required import subsidy and takes no loss for its own account.

The wool board has purchased quantities of rayon tops and Peruvian cottons of types suitable for mixture in wool fibres. An important aspect of its activities has been its arrangements with the wartime prices and trade board under which it uses the facilities of United States spinners and weavers to convert supplies of wool which it controls in excess of domestic capacity into piece goods. It supplies the United States converters with both Canadian-produced and imported wools and purchases from them the finished piece goods. On these transactions Commodity Prices Stabilization Corporation pays any required import subsidy to enable the piece goods to be sold at prices in conformity with the Canadian ceilings. The wool board has also from time to time imported quantities of yarn and finished fabrics by direct purchase, the necessary subsidies again being paid by Commodity Prices Stabilization Corporation.

Mr. HANSON (York-Sunbury): What has been the result of the attempt to stimulate increased production of wool in Canada? I am tempted to ask this question because one of my colleagues suggested to me—I think I communicated the suggestion to the Minister of Agriculture—that there should be a prohibition of the slaughter of ewe lambs in Canada at least until the flocks can be built up. Is the minister able to say whether any effect has been given to a suggestion of the kind?

Mr. ILSLEY: The production of wool in Canada has increased substantially, but I have not the figures before me. I presume Canadian production was discussed when the agriculture estimates were before the committee.

Mr. HANSON (York-Sunbury): What steps have been taken by this board to increase production? That is stated to be one of the objectives.

Mr. ILSLEY: It provides a ready and staple market for Canadian produced wool.

Mr. ISNOR: Where is that market?

Mr. ILSLEY: The Canadian wool board buys all wool of the proper grades that is produced in Canada. It also imports a lot of wool, but it is not the exclusive importer. It is the exclusive buyer of domestic production.

Mr. HANSON (York-Sunbury): The minister is not able to tell me what steps this board has taken in that regard.

Mr. ILSLEY: A bonus of four cents per pound on graded wool is paid through the Department of Agriculture, not through this board.

Mr. HANSON (York-Sunbury): Has the minister any information as to what these import subsidies amount to?

Mr. ILSLEY: The amount of subsidy on wool as defined in tariff items 549 and 549a, from the inception to March 31, 1943, was $135,000.

Mr. BLACKMORE: On imported wool?

Mr. ILSLEY: Right; to be exact $135,913.08. Those are the subsidies that are being paid out by the Commodity Prices Stabilization Corporation. No subsidies are being paid by the Canadian wool board. They would receive part of that subsidy as an importer. It includes all importers. I do not know how much of that amount the Canadian wool board received.

Mr. HANSON (York-Sunbury): Is any of it paid to the board? Is not the subsidy paid to the manufacturers or processors?

Mr. ILSLEY: We are talking now about importers, and the wool board assumes the position of any private importer as regards import subsidies.

Mr. HANSON (York-Sunbury): But they are not wool growers.

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): The wool centre for imports is in Boston; I think that is well understood. What is the modus operandi of getting foreign wool, say Australian wool, into Canada? I understand

that the British government controls the wool clip and that a certain portion finds its way into the United States. So far as I know none of it is imported direct into Canada, or formerly was not so imported. If I as a wool manufacturer decide to import through the Boston market, do I get a subsidy, or is it only when the wool is imported through the agency of the wool board or this government corporation?

Mr. ILSLEY: There are some importations by private importers, and they would be entitled to a subsidy if the price that it was necessary for them to pay was higher than the price provided under the ceiling at which they were obliged to sell.

Mr. HANSON (York-Sunbury): That is the factor, the ceiling price?

Mr. ILSLEY: Yes.

Mr. ISNOR: How does the existing price of wool under the Canadian wool board compare with the price say in 1918? I have in mind the relation of the price to-day to the ceiling price on goods. With further reference to the question raised by the hon. member for York-Sunbury as to importations by private manufacturers, is it necessary for the private importer to secure a permit to import wool? My third question is as to grading and warehousing. In what sections of Canada are the warehouses located? Is the grading working out satisfactorily in all sections of the dominion?

Mr. ILSLEY: The private importers can import only under permit.

Mr. ISNOR: Permit from whom?

Mr. ILSLEY: From the wool administrator. I will answer the other two questions in a moment.

Mr. ROWE: Has any consideration been given to raising the ceiling price on wool, in view of the minister's statement that we are paying about $130,000 in subsidies to those who can produce wool much more cheaply than it can be produced in Canada? I think for economic reasons and to meet the demand for increased production the minister and the government should give careful consideration to this question of subsidies. A large portion of the half million dollars that we are paying out in subsidies goes indirectly to producers of wool in other countries where wool can be produced at half the cost in Canada, and wool of a much higher quality. You are also giving the private importers the advantage of an opportunity to get a higher quality of wool at practically the same price as their competitors. As the senior member for Halifax has more or less suggested, the best results in increased production were secured by giving our own farmers a reasonable price compared with their cost of production, instead of subsidizing wool growers outside this country where wool can be produced much more cheaply.

Mr. ILSLEY: There is no half million dollar figure. The amount of the subsidies was $135,000.

Mr. ROWE: There is $500,000 for Canadian wool board administration.

Mr. ILSLEY: That is possible losses, and it is just an estimate. That would all be on domestic wool. In reply to the senior member for Halifax, the best figure I can give as to the relative price of wool during the last war at the same stage is a percentage figure, not the actual price. In December 1917 the index number representing the raw wool price was 329·9 as against 100 for the year before the war, August, 1913, to August, 1914.

Mr. ISNOR: What was the index price for the three years before that?

Mr. ILSLEY: I have not the prices for 1914 to 1917, but I have the percentage increase. It increased by three times.

Mr. ISNOR: What I wished to bring out was that owing to the wool board's operations there has been this very beneficial effect on prices of manufactured articles containing wool, and if the minister would ascertain the figures I think he would have a good point in favour of the wool board. Now may I follow the suggestion made by the hon. member for Dufferin-Simcoe in regard to prices? In his statement the minister referred to the fact that they were purchasing rayon and other types of thread to be interwoven with wool, but these were being used by the United States spinning operators, if I recall rightly. Does that mean that they are being sent to the United States to be produced?

Mr. ILSLEY: Some.

Mr. ISNOR: My thought was as to whether we could not have this spinning done in Canada. There are operators and very fine mills throughout every part of Canada. In eastern Canada, we have Stanfields, one of the finest firms in the dominion dealing not alone with woollen products but with rayons as well. Perhaps the Canadian wool board could investigate these with the thought in mind of encouraging our home spinners to enlarge and thus make use of the rayons and other threads in the manufacture of woollen, and rayon and woollen, underwear.

Mr. ILSLEY: It is wool for the most part, practically altogether, that is sent to the

United States for conversion, and it is sent there to be converted into woollen cloth. There may be some inter-mixture of these other fibres, but that would be very incidental. The reason we are availing ourselves of the United States facilities is that Canadian facilities are operating at capacity, and in order to get the cloth made—mostly or wholly, I think, for work clothing—we have to avail ourselves of such facilities as there are on this continent.

Mr. ISNOR: Yes, that is an answer in part, but I still feel that if the wool board would make a survey of the possibility of enlarging some of these plants it would be a good thing from the general Canadian point of view as well as for the operators.

Mr. HANSON (York-Sunbury): With respect to the price of wool and the index figure which the minister gave, I think the whole picture ought to be shown. In 1917 the United States was not in the war. The wool trade on the north American continent is centred in the United States. Boston is the great mart for the whole of North America. There was much inflation in the United States owing to largely increased buying power, resulting largely from the mass of treasure which was poured into the United States by Britain for the purchase of armaments. There was no control of prices in the United States, and prices in Canada, without any control over there, naturally had to soar to a point commensurate with the level in the United States. When my hon. friends across the way are drawing comparisons between prices today and prices in the last war of the same articles, they should never lose sight of the fact that conditions are entirely dissimilar. I commend to hon. gentlemen the reading of a letter written by Sir Thomas White which appeared in the Toronto *Globe and Mail* a few weeks ago, setting out clearly the whole position. We have to keep it in mind. The intention of course is to show how much better the Murphys are than the O'Rourkes.

Mr. BLACKMORE: May I tell the minister that I think his wool board this year has not done for Canada what it should have done. It has left the price to the producer of wool altogether too low.

Mr. ILSLEY: It is 119 per cent greater.

Mr. BLACKMORE: May I read to the minister a few figures to show what that means?

Mr. ROWE: It was 100 per cent too low before.

[Mr. Ilsley.]

Mr. BLACKMORE: I should like to read figures showing prices paid in Canada and the United States during the past few years. They have been given to me by Mr. W. S. Benson, of the Southern Alberta Sheep Breeders Association, whose headquarters are at Lethbridge, a man who I believe is quite dependable. The following prices per pound obtained: The United States between 1930 and 1939 was paying on the average 23·6 cents, and Canada was paying 10·59 cents. In 1939 United States was paying 22·3 cents while Canada was paying 11·8 cents—much to be proud of, our country has! The average price for 1942 in the United States was 39 cents, and in Canada 25·9 cents. So that with all the great percentage increase in prices of wool to Canadian producers, they still were being neglected as compared with their fellow wool producers across the line. The increase in the United States over 1939 was only 74·4 per cent; the increase in Canada was 119·4 per cent, but even at that, the United States was paying in 1942 practically 14 cents per pound more for wool than Canada was. I think the minister will recognize that these figures disclose a situation which is not to the credit of the Canadian wool board. It is a situation which it is difficult to find language to describe adequately.

I am going to give a few more figures for the minister to think about. I have here from the same gentleman, Mr. Benson, a set of prices taken from the books of a Manitoba sheep grower. These prices go back over the years. The 1923 price was 20·6 cents. The 1924 price was evidently not recorded. Then follow: 1925, 22·4 cents; 1926, 16·1 cents; 1927, 19·8 cents; 1928, 33·7 cents; 1929, 16·5 cents; 1930, 7·5 cents; 1931, 3 cents. I believe the wool board would at least have done itself justice had it taken into consideration some such matters as these, but evidently it did not. I continue: 1932, 3·1 cents; 1933, 12·1 cents; 1934, 6·7 cents; 1935, 12 cents; 1936, 14·5 cents; 1937, 13·8 cents; 1938, 10·7 cents; 1939, 15·6 cents; 1940, 19·8 cents; 1941, 24·3 cents; 1942, 27·1 cents. This return of course is based on Manitoba conditions. I believe the minister himself will be astonished to find that such a set of prices prevailed in Canada. I am not blaming the minister; probably it has never been brought to his attention what questionable practices his wool board have been guilty of during the last year or so.

I am going to draw to his attention one or two other small matters which probably will be food for thought. In the first place I notice he said that the price for wool in 1943 was to be the same as the price for wool in 1942. Has it been brought to his attention —he is an exceedingly busy man and probably

it has not—how greatly the costs of producing wool have increased during the last year? I have here a letter dated March 16, 1943, from the gentleman to whom I referred a moment ago, Mr. W. S. Benson, secretary-treasurer of Southern Alberta Sheep Breeders Limited, in which he points out to me several important increases in the cost of producing wool. In the first place the "1942 wages for farm help have increased tremendously, in some cases as much as 100 per cent. The growers would be prepared to pay these increased wages if they were obtaining increased efficiency, but unfortunately the reverse is the case, because experienced men are very difficult to obtain. One has to rely on inexperienced and inefficient help." This fact, however, did not register with the wool board although it was brought forcibly to their attention. Secondly, "The cost per head of shearing has practically doubled during the last two years and growers feel that the coming season they will have to pay a 25 per cent increase in order to get their shearing done." That is another matter that did not register with the representatives of the wool board when they visited Lethbridge.

Mr. REID: What is the cost of shearing?

Mr. BLACKMORE: I have a letter in which it is given, but I cannot state it offhand. I read again:

> During the present winter, ranchers have been put to much more expense than usual on account of the long feeding periods as a result of the unfavourable winter.

That is another point which apparently entirely escaped the doctrinaires who have been called to responsible positions on the Canadian wool board, men who apparently have no contacts with the producers. The fourth point is this. The people generally in the Lethbridge area—and, if I am correctly informed, all through Alberta and other parts of the west—asked that the price be increased at least ten cents per pound over what they received in 1942. I know that this request was made of the representatives of the wool board at Lethbridge and was completely disregarded, in many cases without much respect being shown.

This quotation is important:

> The present income tax schedule as outlined in the budget does not give the rancher a chance to pay off his debt, even if he were so inclined.

I do not wish to take up the time of the committee by reading the minister a lecture on the inequities and the injustice of his income tax structure, but I will draw that statement to his attention with the request that he think it over before he builds his next budget. The minister, in fixing his income tax rates for the sheep growers in Canada, made no allowance at all for the tremendous losses suffered and the debts incurred by sheep growers when they were passing through the dreadful times in which they received 3 cents, 3·1 cents and 6·7 cents per pound. He simply clamped on a tax that would ruin them, and if the war goes on for five or six or seven years, and the men continue to be treated as they are at the present time under the income tax, the minister will squeeze them out of existence. If that is what he wants to do, he is on the high road to the achievement of his goal.

These matters are weighty; they have been entirely overlooked by the wool board, which has been travelling around the country and telling the farmers what they ought to be able to do. I would call the minister's attention to this fact. The main wool producers, the representatives of sheep producers' organizations, have been outspoken on this question of price in several parts of Canada. I would refer the minister to a little publication called "Country Life in British Columbia," of March, 1943, at page 16, wherein there is printed an article entitled "Words from President Harrison re treatment of B.C. sheep industry." In the fifth line of the first paragraph these words are attributed to Mr. Harrison:

> Bluntly he states that the producers of wool were not receiving a fair price for this essential commodity, that the price of lambs had been reduced unduly last summer, and that if the dominion government's urgent request for the raising of a million more sheep in Canada was to be satisfied, something had to be done about assuring a supply of labour, prices in line with costs of production, and protection against predatory animals.

We have nothing to do with the first and last of the list at this stage, but we have a good deal to do with the matter of price. I call attention too to an article in "Country Life in British Columbia," March, 1943, at page 17: "Wool price too low, so sheep breeders charge." I quote from the second main article on the page:

> At the annual meeting of the Ontario Sheep Breeders' Association, about the only complaint heard was that the price of wool was too low. The sheep breeders thought they should have 50 cents a pound.

In order to get some idea of the situation, all the minister has to do is to compare 50 cents a pound with the contemptible 25¼ which now is paid. If it were a purely western voice speaking, the voice of British Columbia, probably the officials at Ottawa would use their habitual restraint towards that province. But here is a statement from Ontario which

should sound loud in the ears of the men at Ottawa. How a statement like this could have missed the attention of members of the wool board, I am not at the moment able to conjecture. May I also call attention to an article which appears in the *Farm and Ranch Review* of January, 1943. This article appears under the title, "Sheep industry is stifled," and is written by T. C. Glaspell, vice-president of the Canadian Sheep Breeders' association. It was written for the *Farmers' Advocate* and is quoted in the *Farm and Ranch Review.* I would call attention particularly to the words near the end of the article:

> I challenge our agricultural supply board to prove to the sheep breeders of Canada that wool can be raised under 50 cents per pound under present conditions.

We have here two voices, each one estimating 50 cents as the lowest suitable price. The Alberta request to raise the price ten cents a pound is in the light of the other two exceedingly moderate, and should have merited some respect from the visiting wool board representatives. But it did not.

In view of these statements the minister would be well advised to call the chairman of the wool board on the carpet and have a serious talk with him and point out to him that not long ago there were passed, at the Hot Springs conference, a number of resolutions, which demanded, and practically agreed, that all those who were going to cooperate were to do everything in their power to increase agricultural production of all kinds. The report of this Hot Springs conference has been published and was distributed recently to the members of the House of Commons. It is called, "International Conference on Food and Agriculture." The minister would do well to pass a copy of that report to each member of the wool board, and ask them to give the matter more than ordinary consideration or at least a great deal more consideration than they gave the request from the wool growers of Alberta this year. I think perhaps that is as much as it is necessary to say just now. May I repeat that in my judgment the wool board has failed in its trust this year and is not entitled to be reemployed next year. As was indicated by the hon. member for Dufferin-Simcoe, $500,000 was spent in subsidizing Australian and New Zealand production and distribution.

Mr. ILSLEY: That is not correct.

Mr. ROWE: I do not think I made that statement.

Mr. BLACKMORE: I believe I said the hon. gentleman indicated that; but such money as was used of the $500,000 to help any producers was used to help others and not Canadians.

Mr. ILSLEY: No, that is not correct either.

Mr. BLACKMORE: Then was any of this money used to help Canadian wool producers?

Mr. ILSLEY: Yes, most of it.

Mr. BLACKMORE: Then I should like to know about that.

Mr. ILSLEY: The trading losses of the Canadian wool board were practically all on account of Canadian wool. I do not know that I want to follow my hon. friend in detail—

Mr. ROWE: The hon. member means the Canadian subsidies.

Mr. BLACKMORE: It might be a hard thing to follow me, and it is also rather bad practice to laugh too often.

Mr. ILSLEY: Well, my hon. friend frequently makes remarks like that in the house. If ministers do not answer him it is not because they have been tremendously impressed with his arguments; it is because of the reverse, and they assume that the impression on others will be the same. The hon. gentleman talked about the doctrinaires who composed the wool board. The president is Mr. D. C. Dick, who has had a lifetime of experience in the wool trade.

Mr. BLACKMORE: Did he ever produce sheep?

Mr. ILSLEY: He is an official of the wartime prices and trade board. I do not know that he ever produced sheep.

Mr. BLACKMORE: That is the point; he never raised sheep.

Mr. ILSLEY: I do not know that we would be justified in appointing a wool board composed entirely of producers of sheep, because the main purpose of the board is to see that we get a supply of wool at reasonable prices to meet civilian and war demands, which the board has been most successful in doing. The wool supply situation is very satisfactory indeed.

Mr. BLACKMORE: People are producing in spite of the board.

Mr. ILSLEY: The next doctrinaire is Mr. G. E. O'Brien, who I think is president of the Cooperative Wool Growers' Association.

Mr. BLACKMORE: Has he ever produced wool?

Mr. ILSLEY: I do not know about that, but he is an official of the cooperative. Then we have another official of the cooperative, Mr. W. H. J. Tisdale; I suppose he is a doctrinaire.

Mr. BLACKMORE: What is his record?

Mr. ILSLEY: The hon. gentleman should know as well as I do. Then I find that this matter of prices was considered and thoroughly argued when the estimates of the Minister of Agriculture were before the committee. Apparently it is true that prices in the United States have always been higher than prices in Canada, but as I have said before we simply cannot tie our economy to that of the United States any more than we can tie it to that of Australia or New Zealand, where the prices of wool are very much lower than in Canada. For 1942-43 the average price of wool in Australia was 21 cents, when their currency was converted into Canadian funds. In New Zealand it was 22 cents and in Canada 25·9 cents. The percentage increase in Canada since the low prices of the thirties is 119·4, or more than double. In the United States, prices have gone up by 74·4 per cent, in New Zealand by 53·5 per cent and in Australia by 49·5 per cent.

Mr. BLACKMORE: But the price in the United States was pretty high before; I mentioned the figures.

Mr. ILSLEY: Yes, but I think the hon. gentleman would have to talk quite a long time before he could make a prima facie case against the wool board for injustice or failure of trust, when it is found that they have increased the price to the farmer in Canada by 119·4 per cent as against an increase of 74·4 per cent in the United States, 53·5 per cent in New Zealand and 49·5 per cent in Australia.

Mr. BLACKMORE: The price before the increase is important.

Mr. ILSLEY: That is a matter as to which there could be endless argument. All I can say is that at the moment the supply situation is very good indeed. We are able to get the wool. We do get it at a little lower cost by buying from Australia and New Zealand, even though we have to pay these very heavy charges for war risk insurance and freight rates. In addition to the price I have mentioned we are also paying a subsidy of four cents per pound, which brings the price up to 30 cents. Our price is such that, quoting my colleague the Minister of Agriculture, while the price in the United States for the same grade wool runs from 37 to 40 cents a pound, when we consider freight charges, duty and everything else, the return to the Canadian farmer is slightly better than it would be if he sold his wool in the United States. The price to the farmer in Canada has more than doubled, while the price of woollen goods to the consumer has been kept down remarkably well when we consider the experience of the other war.

Mr. ROWE: There appears to be some misunderstanding about my statement in regard to the $500,000. I thought I made it clear that $500,000 had been spent under that item covering the administration of the wool board. I also mentioned that $130,000, which is the minister's figure, had been spent for the subsidization of imported wool.

Mr. ILSLEY: That is not right; $500,000 is the estimate of total requirements for the current year.

Mr. ROWE: I cannot subscribe fully to the suggestion of the hon. member for Lethbridge that the wool board should be discontinued.

Mr. BLACKMORE: No, not discontinued—replaced.

Mr. ROWE: Or even replaced at this time. However, I must say that I take the remarks of the hon. member much more seriously than the minister appears to take them. I followed his words closely, and I agree with a great deal of what he has said in regard to this issue. As he pointed out, very little consideration is given to the rancher so far as income tax is concerned. If a man invests his money in industrial stocks or gold stocks and there is a substantial increase in the value of those stocks, he can put that away as capital gain and pay no income tax on it. But if he has $5,000 worth of sheep held at ridiculously low prices, he is not even afforded a living wage when he looks after them. The minister has mentioned an increase of 119 per cent, but if a man makes an investment in a range, and finds that he has a gain, doubling his value, he must pay an income tax, as he turns those sheep into money. Therefore I say he does not receive the same privilege in that regard as is accorded to others. I find myself in agreement with the hon. member for Lethbridge when he says we should be fair to the sheep growers of Canada.

I believe the wool board should be urged to increase the price of wool. For many years in this as in other countries, sheep have been recognized as the golden hoof of agriculture. Yet in Canada to-day we have very few more sheep than we had in 1896 or 1898. It is true that we have a few more than we had in 1890, but between the nineties and this date there has been no substantial increase in the

sheep population of Canada. Any increase there may have been has been effected in the hope of receiving a higher price for wool, in view of the development of the Canadian textile industry under the imperial preference of the late Sir Wilfrid Laurier.

In recent years we have been practically at a standstill so far as our sheep industry is concerned. It has been almost static; there has been scarcely any increase at all, with the exception of the last year or two. I must say in fairness that I have no fault to find with the wool board's administration. But I am in agreement with the hon. member for Lethbridge in what he has said about the general policy of the government with respect to agriculture. I believe it is necessary to have a wool board, because every other industry in Canada is regulated, controlled and strait-jacketed and, whether it is sound or unsound, it would not be fair to leave one out from under the cover of the strait-jacketing machinery. I do suggest however that careful consideration of the matters in hand should be given by these boards, and that more men with a knowledge of agricultural production, men who understand the different branches of agriculture, should be given places on them.

To compare prices received back in pre-war days with prices received to-day and say that they have increased by 119 per cent is not a fair statement. I do not know all there is to know about sheep production, but for many years I have kept sheep, and I know something about their cost of production. It is ridiculous to compare production costs in Canada with those in Australia, a country where the sheep may roam over land worth only a fraction of what a similar area would be worth in Canada. Then, in Australia housing is not required the year round.

Mr. REID: It might help if the minister took the income tax off sheep and put it on dogs running at large.

Mr. ROWE: Yes. Well, there have been a lot of hounds who have hurt the sheep industry. We have witnessed several setbacks, and most of them have developed because of government policies.

Mr. GRAYDON: Sheep dogs.

Mr. ROWE: Someone says they are sheep dogs. Often they are watch-dogs of the treasury. There is no class of live stock more indigenous to Canada than sheep. We have a cold country. We must build expensive farm buildings to house other types of live stock, in which sheep could be housed. They can be produced in this cold country more economically than any other type of live stock. We have plenty of pasture land. There is no country in the world with such vast areas of pasture, and in such a cold climate, that has such few sheep.

All hon. members know that Canada needs foodstuffs. We have meatless Tuesdays and, if the war goes on much longer, we may have meatless Wednesdays, Thursdays and Fridays. We compare ourselves with Australia with a sheep population of 40,000,000, while ours is only around 4,000,000, and for many years it was only about 3,500,000. That is our sheep population, in a country so vast. There must be some reason for this. I am not going to say what the price increase should be. We have been told for many years that we would have a great opportunity to sell our live stock if we had free trade with the United States. We have been told what a great outlet that would be. We find to-day however that in the United States farmers are receiving around 17 or 18 cents a pound for their beef, while in Canada we receive only 12 to 13 cents for the same quality. The hon. member for Lethbridge has pointed out that in the United States market they are receiving 14 cents a pound more for wool than is received in Canada—and this at a time when we need wool for our armed forces, and despite the fact that in Canada we have a cold climate and require woollen clothing. For half a century we have failed to increase the flocks of one of the most important branches of our live stock industry—sheep raising. We have failed to increase our sheep population for almost half a century.

I suggest the government should give careful consideration to increasing the ceiling price on wool. Other ceilings have been broken and have been increased. I am confident we will increase the production of wool in Canada much faster if we give the farmers some encouragement through an increased price than we would by following what I believe is going to be a most vicious policy if carried much further, namely that of handing out huge subsidies and bonuses. Some consideration should be given along these lines.

Mr. CHURCH: I notice that in this item the cost of administration has gone up from $200,000 to $500,000.

The CHAIRMAN: We are dealing with wool at the present time, and the hon. member's observations are not in order.

Mr. ILSLEY: Well, we are dealing with the wool board, for which there was an allotment of $200,000 last year and for which there is one of $500,000 this year. I suggest that perhaps the hon. member is in order.

Mr. CHURCH: My objection is that there have been some changes in this wool board. For some time Mr. Dick of Cobourg was chairman of it, but changes have been made, and I should like to know why. Why did Mr. Dick retire? What is the representation on the board of practical men in the industry, men who are engaged in this very important branch of agriculture? I have watched the ups and downs of sheep raising in Ontario for years. Many attempts have been made to increase production in that province, and to follow the development of the textile industry there. I remember that some years ago the Hon. George Washington Ross, then premier of Ontario, referred to his dream—"Ye who have sheep on a thousand hills." Well, I go around through Ontario quite a bit, and I have failed to see any evidence of increased sheep production on those hills.

What is the set-up in connection with this $500,000 item? How many of the men on the board are practical men? The other day inquiry was made as to whether a report is submitted to each separate minister and what minister of the crown is responsible for these announcements and public utterances. I said that I did not expect him to know it all but the answer was that the wartime prices and trade board, of which this is a sub-board, was responsible and that public addresses, and I suppose reports and announcements, are not normally first submitted to the minister. I fail to see where there has been any effect in the way of increased production on the sheep market in Toronto or Montreal, for instance. I notice from the *Globe and Mail* of this morning that prices are holding back and the market is very dull. The prices in Chicago yesterday were dull at $8.50. Buffalo is down to $8.50. Montreal was stationary and very little offering. The market was quite dull for live stock. The Toronto figures for sheep were:

13, 130 pounds, $10; 7, 130 pounds, $9; 4, 120, $8; 1, 250, $7.50; 3, 120, $7; 1, 120, $5.

There has been very little expansion in production. My last objection is that in the dying days of this parliament a report like this is brought down. Are we to carry on like we have in the last few days, like we did yesterday? Are we just a sounding board, are we to be a Charlie McCarthy for some outside ceiling control board that should be criticized far more than I am criticizing it this morning? We passed an item for another board all day yesterday and this morning they had the band playing outside the buildings, they were taking moving pictures and putting out propaganda to the public. This committee should have some control over expenditures of this kind; we are not getting the return we should for the money expended, because the market remains very shaky, dull and unsteady. If this matter had been treated in the proper light by practical men in the industry production in Ontario would be far better.

They are talking about closing the house and we might just as well close to-night for all the control we have over these expenditures. We are simply sounding boards, we are simply Charley McCarthys for the ventriloquists on the treasury benches and their control system. Some of them do not know any more about it than I do, and I am not an expert on agriculture. However, I am just as much of a farmer, I know just as much about farming as some of the gentlemen sitting in front of the minister this morning. I doubt if they know anything about sheep, I doubt if they can quote the scriptures on it. The scriptures say, "Feed my sheep", and I think the minister is treating us as though we were a lot of sheep. We may as well go home because we have no control over the administration of affairs or over all these expenditures. We are sitting here to-day and to-morrow morning they will probably be taking moving pictures of the sheep in front of the parliament buildings. The hon. member for Davenport has not spoken for five days, I believe, and I have no doubt that when we pass this item his picture will be among those taken to-morrow, as are Charlie McCarthys to control.

Mr. FAIR: As the hon. member for Broadview has now exhausted his second wind, perhaps we can proceed with the shearing of the sheep. I am in agreement with the hon. member for Lethbridge and the hon. member for Dufferin-Simcoe. This question was discussed when the Minister of Agriculture was before us on at least two occasions, but we have not made much progress as far as dollars and cents for the producers are concerned. The percentages which have been quoted by the minister will not mislead the producers in any way. Two wrongs never yet have made a right. The fact that a certain percentage of an increase has been paid for wool does not justify anybody standing up in this house and saying that the producers are getting their cost of production. The argument made or attempted to be made the other night by the Minister of Agriculture was based entirely upon what the Canadian wool grower could get if he sold his wool in the United States. That does not convince any of us that we should have to go to the United States in order to find a basis for the cost of production in Canada. Surely there are statisticians here who can figure the cost of

producing wool just as they can figure the cost of producing ships and planes and guns and bullets. I feel satisfied from the information I have received from wool growers in my constituency that the amount received last year, which varied from 25 to 26 cents per pound, plus the fact that the dominion government is paying half of the four cents subsidy on wool, does not satisfy the producers of this commodity. The figures given a few days ago by the Minister of Agriculture were to the effect that the price paid for wool this year, including the subsidy, would be 34 cents per pound. I hope that is correct. I should like to see the price increased to return the cost of production without the use of a subsidy. I do not say this because I am opposed to subsidies as such, but because I believe that if the producers of wool were given that to which they are entitled, there would be no need for a subsidy and there would be a better return in dollars and cents.

Mr. WRIGHT: Has the minister the total amount of wool imported last year and what it cost the government in the way of subsidies and other payments? I should like to know also the amount of wool produced in Canada last year and what it cost the government for subsidies and other payments.

Mr. ILSLEY: From the beginning of the price ceiling up until March 31, 1943, the amount of the subsidy was $135,000. That will be found on page 105 of the report of the wartime prices and trade board.

Mr. WRIGHT: And the amount of wool?

Mr. ILSLEY: The officials tell me that the figures are not published.

Mr. WRIGHT: What is the rate per pound of the subsidy?

Mr. ILSLEY: It is the difference between what it costs the importer to lay it down in Canada at the time of importation and what it cost him to lay it down in the basic period.

Mr. WRIGHT: What was the production in Canada?

Mr. ILSLEY: I thought the hon. member was talking about imported wool.

Mr. WRIGHT: I asked two questions, one with regard to imports and the other with regard to wool produced in Canada. I wanted to make a comparison between the two.

Mr. ILSLEY: The only payment in the nature of a subsidy for which the Canadian wool board is responsible is the trading losses.

[Mr. Fair.]

These amounted to $34,246.67 for the period from March 18, 1942, the date of the incorporation of the Canadian wool board, to March 31, 1943. That is largely losses in the handling of domestic wool. The four cents subsidy by the Department of Agriculture is an entirely different thing.

Mr. BLACKMORE: There are one or two matters I should like to discuss a little further. The minister thought that probably I was speaking a little too harshly. I am going to read to him a letter from a wool grower in my constituency, and he will find that I was speaking for my constituency, which is one of the best wool growing constituencies in Canada. There was a meeting in Lethbridge last year. I heard that what went on at that meeting probably should have been a little different, and so I wrote this man for details of the meeting. He says in his letter to me of March 5:

> At the meeting you refer to Dick, O'Brien and Brown were present. Mr. Longman, deputy minister, presented the case very well for the sheep men and asked for a 10 cents raise, 35 cents against the present price average of about 24½ cents. J. H. Walker—

He is the member for Warner constituency in the Alberta legislature:

> J. H. Walker told how wages had practically doubled, shearing was 50 per cent up and lumber and posts were much higher, as was hay. We had to pay very high wages to put up feed this year. Help was scarce. The concentration camp at Lethbridge got most of our help. Ninety cents for jack carpenters and 50 cents an hour for common labourers. Two of my sheep herders left and went to work there.
>
> This man Dick when he rose to speak told the wool growers to "shoot all they had as his hide was thick." He and O'Brien ignored everything that was said and continued to talk back. We got nowhere. They just came out west for a trip.

That is the impression which this gentleman made on men who were present at that meeting, and the men who were present were sober, solid substantial citizens of the Lethbrige federal riding. The writer goes on:

> The sheep men at the meeting were mostly all large flock owners. The man across Canada with 15 or 20 ewes isn't much interested.

The minister will find that probably a good deal of his increase is coming from that source, from the small flocks:

> Their costs are about the same but the range men feel the "pinch."
>
> Jack Bowlen, M.L.A., only received 22 cents for his wool as did many others present but all the satisfaction they got was that they shipped to the wrong grading house.

May I interrupt the reading of this letter to ask the minister, what kind of management of the wool situation in Canada he

thinks this is when the individual wool producer does not know to what wool buyer to ship his wool? Does that indicate orderly management of the whole affair? If there are different buyers throughout Canada who are buying wool and paying different prices, while we have a wool board in Canada which is supposed to be taking care of the whole matter of buying wool, that stands as a condemnation of the wool board or condemnation of the powers given to the board when constituted. The board seems to have plenty of power with respect to everything else; the marvel is that it could not take care of marketing. The writer of this letter continues:

> Dick did promise to investigate the 50 odd licensed dealers. Many of the growers got a raw deal. Bowlen shipped to a dealer in Saskatoon.
>
> The range men supply most of the foundation stock to farmers, small breeders, et cetera. Put the range men out of business and what is left of the "sheep industry" in the west would collapse. The small man is an "in and outer" in the prairie provinces. As a rule the man with one or more bands is taking an awful walloping right now because of high wages, scarcity of help, et cetera.

I hope the minister will grant that my remarks were no more heated than the spirit of that letter, and if he knew this man and how calm he ordinarily is and how fully experienced he is in raising sheep, I think the minister would be impressed too.

I wish to say a word or two more about this whole matter, because we are not finished with it yet. May I pause here to say that it is too bad to have to talk to the minister about these things, because I know what a lot he has to think about, and he should not have to be worried about matters pertaining to agriculture. But it so happens that the wool board appropriation is under his department; consequently he is in a measure responsible for it. The only thing I can do is to turn to the man who is responsible. One reason why we did not urge this matter further upon the Minister of Agriculture is that during the last three years he has reminded me of a horse tied up helpless to a post with children beating him. He has no choice but to take the blows, because somebody else is tying him up. I have pretty well grown weary of talking to the Minister of Agriculture, and I am talking now to the man who perhaps has authority to do something about this matter.

The Minister of Finance said something about agriculture being tied to Canada's economy. There is plenty of evidence of that. I do not think you will find in any other civilized country of the world the treatment that Canada is according to her farmers, although the United States comes a close second, or did until a short time ago. The trouble is that the United States and Canada and a great many other nations have for a number of generations been scanting their farmers, shoving them and kicking them around, and then thinking the farmers ought to take it smiling and continue to do good work! The minister says that we are getting the produce, and I will grant that, but it is killing the farmer, and just as soon as they get a chance to move, the minister will have a hard time to keep them on the land.

In connection with this food and agriculture meeting at Hot Springs, I want to urge the minister to reconsider his attitude towards agriculture. May I show him what the results of Canada's method of dealing with her farmers have been. I have in my hand the latest copy of "U.F.C. Information," a booklet published in Saskatoon, Saskatchewan, for the month of June, 1943. At page 3 of that booklet there is a discussion of the debt question, which the minister still has ahead of him. This is the matter to which particularly I wish to direct his attention. It says:

> It had been said that agriculture with about a third of the population of Canada had received only 17·8 per cent of the national income in 1926, 5 per cent in 1932 and 15 per cent in 1940-42.

If the minister thinks that is good enough, may I respectfully tell him that he has quite a lot to learn yet. Professor Hope, of the university of Saskatchewan, takes these figures and considers them probably a little too dark and gloomy, and so he proceeds to apply four correctives to them. He finds this after he applies his four correctives to these figures, which in no way reflect credit upon Canada:

> Taking these adjustments into account, it appeared that agriculture's share of the national income during the period 1926 to 1942 was at its highest point of 26·1 per cent in 1926. In 1929 it was 22 per cent, and thereafter it dropped to the low point of 13·1 per cent in 1932.

One thing which, among others, I was particularly anxious to impress upon the minister was that the agriculture industry, and particularly the wool industry, has gone through a terribly hard experience. Not sufficient allowance is being made for that. If Canada's economy is definitely arranged on the basis that the agricultural population of the dominion, large as it is, is to receive in normal times only 26·1 per cent of the national income of Canada, then Canada has to revise her ways a great deal before she is ready to qualify under the recommendations of the Hot Springs conference.

May I read a brief statement from the most recent letter, that of June, 1943, of the Royal Bank of Canada, to show where the minister's policy is getting Canada:

Whereas in Canada at the beginning of the century 63·5 per cent of the total population was engaged in agriculture or living on farms, in the census of 1941 this proportion had declined to 45 per cent.

True, a lot of things enter in: I could give them all. I was born and raised on a farm and I know a good deal about the farm. I am not talking entirely without contact with these matters. Even though there has been a great deal of industrialization, the trend away from the farm is not a healthy trend, and certainly is not the kind of trend to be—

The CHAIRMAN: Order. The hon. member himself has mentioned that we have already discussed wool on three or four occasions. I do not think it should be permissible under this item to raise again all the problems of agriculture in Canada. I ask the support of every member of this committee to see to it that we remain in order in discussing the items which are before the committee.

Mr. BLACKMORE: I bow to your ruling, Mr. Chairman. I would not have mentioned it at all except that the minister made a remark about Canada's particular policy, her economy.

Mr. GRANT: It is too hot.

Mr. BLACKMORE: I know it is too hot, but the farmers on the land, though they find it hot, are toiling; the sheep rearers and sheep shearers are toiling too.

I wish to bring one other matter to the minister's attention. Is there a surplus of wool in Canada? Has Canada more wool than she needs?

Mr. ILSLEY: Not so far as I know. The supply situation is satisfactory.

Mr. BLACKMORE: That is, we need an increase in wool, do we?

Mr. ILSLEY: I do not think we do, particularly.

Mr. GRANT: Not this summer.

Mr. BLACKMORE: Well now, the information I have indicates that there is a surplus of wool in Canada. I have under my hand a letter signed by one of the very members whom I have been talking about. I did not make a few minutes ago extravagant and ill-considered remarks about the wool board. The letter right here indicates that they have so much wool in store that they do not know where to put it.

[Mr. Blackmore.]

Mr. ILSLEY: I do not know, Mr. Chairman, whether the letter shows that or not. They have taken pains to accumulate quite a lot of wool because they know they will need it. How can you say it is a surplus? Certainly there is wool in the country all the time, and I have said repeatedly that the supply situation is satisfactory at the moment.

Mr. BLACKMORE: The reason I mention it is this, that the member in writing this letter is trying to excuse the board for its indifference to the farmers' feelings with respect to price; in other words, endeavouring to convey to the man to whom this was written that after all the wool board is not particularly concerned about increasing the quantity of wool in Canada, that we have all the wool we need and that we do not require to take any special measures to get more wool.

Mr. ILSLEY: I think that is correct.

Mr. BLACKMORE: All right; I should not be surprised. That is one thing I wanted to get. I gathered that from the statement of the Minister of Agriculture. Now I want to ask the minister this question: was the amount of wool which Canadian consumers could use restricted in 1942? In other words, were the manufacturers forbidden to use the wool which they would normally have used in 1942?

Mr. ILSLEY: The use of wool for processing is controlled by permit. Processors can process only subject to permit. I do not know whether any particular processor wanted to get more than he was able to get a permit for. There was some sort of rationed distribution of wool among producers.

Mr. BLACKMORE: What I want to find out is whether or not the processors of wool were limited in the matter of the amount of wool they could use.

Mr. ILSLEY: Yes.

Mr. BLACKMORE: That is, did they run short of wool? Was there an artificial scarcity of wool induced among the manufacturers in Canada in 1942?

Mr. ILSLEY: I will have to get the information for the hon. member, if I can.

Mr. NOSEWORTHY: Is it not true that there was a scarcity of wool in retail stores throughout the country? That has been generally accepted, that certain yarns—certainly could not be bought.

Mr. ABBOTT: That is hand-knitting wool?

Mr. NOSEWORTHY: Yes.

Mr. BLACKMORE: I may tell the minister that there was an artificially induced scarcity of wool.

Mr. ILSLEY: Artificially induced by whom?

Mr. BLACKMORE: Well, that is what I want to find out.

Mr. ILSLEY: Facilities in the country are limited; there are only so many. I said that before. We have only so much capacity, and that is the reason we are getting some of our stuff made in the United States.

Mr. BLACKMORE: I think the minister will be astonished to learn that the very same gentlemen who were storing wool, apparently getting ready for a condition under which they could restrict the price advance and resist the request of the producer for an advance, are the same gentlemen who are restricting the amount of wool that the Canadian people can use.

Mr. ILSLEY: I think that is utter nonsense, and I believe I shall be able to say so definitely at three o'clock.

Mr. BLACKMORE: I shall be right here to hear the minister say that.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. ILSLEY: The hon. member for Lethbridge suggested before one o'clock that the wool administrator or the Canadian wool board, or both, had curtailed or limited the production of woollen goods in 1942 for the purpose of accumulating a large surplus of raw wool so that they might use that fact as a means of keeping down the price to the Canadian farmer. I indicated that I thought there was nothing in that contention. I believe the figures of production of woollen goods in Canada from 1935 on, up to and including 1943, furnish a conclusive answer to that statement. The yards of wool cloth produced in 1935 were 16,767,000; in 1936, 17,542,000; in 1937, 18,088,000; in 1938, 14,346,000; in 1939, 17,190,000; in 1940, 26,394,000; in 1941, 24,693,000; in 1942, 26,850,000; in 1943, estimated, 27,500,000. The figure of 26,850,000 shows the largest yardage since 1935. I have not the figures for the years prior to 1935, but that figure indicates what was the fact, namely, that the woollen mills were running to full capacity.

The object of the permit system which was instituted in 1942 was not in any way to curtail output. It was to allocate output as between military requirements and civilian requirements and as between what were regarded as more essential and less essential civilian requirements. The capacity of the country was fully utilized, and that being true, there was of course no curtailment of the production of woollen goods for the purpose of accumulating a stockpile of wool. A stockpile of wool has been accumulated for very good reasons. One has not known right along, and one is not yet sure, whether the supply lines between Australia and Canada will not be cut. If the Japanese got a little further south we would not get any more wool, and for that reason the Canadian wool board did the sensible thing. They aimed to get two years' supply of wool in Canada so that they would have the wool. They had a hard time getting wool in 1939, and since that time the situation has been kept well in hand. I think the Canadian wool board are entitled to the appreciative gratitude of the Canadian people for the way they handled it.

Mr. BLACKMORE: Can the minister tell us whether the 26,000,000 yards were strictly for civilian use or for civilian and military?

Mr. ILSLEY: Civilian and military.

Mr. BLACKMORE: There is a great difference.

Mr. ILSLEY: It does not make any difference whatever. My hon. friend's contention was that a stockpile of wool was accumulated by the curtailment of production in Canada, and the complete answer to that is the fact that the full capacity was utilized. Whether it was utilized for military or civilian purposes has no relevancy whatever, and the suggestion that the board would deliberately curtail production for the sake of accumulating a stockpile, with the sinister view of beating the Canadian farmer down, is a wholly unworthy suggestion.

Mr. BLACKMORE: What is difficult to understand is why the wool board, or some member of the board, used the fact that we had such a store in Canada to produce upon certain wool producers this very effect, to give them the idea that the wool board was being generous to them in accepting their wool. I have a letter which will indicate that very thing. I am not disagreeing with the minister with regard to the wisdom of the board in accumulating a supply of wool. I agree that that is wise. They should have two years' supply of wool on hand, and above all things there should be production of wool

in Canada at maximum capacity, which we certainly have not. That ought to be perfectly clear. As to restriction of the use of wool, I think the minister will agree with me that there was such a restriction.

Mr. ILSLEY: I said for certain purposes.

Mr. BLACKMORE: One thing I cannot understand is why persons who were writing apparently with the authority of the board would indicate to the producers that the fact that there was so much wool on hand was pretty good evidence that the price ought not to be raised.

Mr. ILSLEY: I suppose someone said: You want to get wool; you have to have wool, and you have to pay the price. That is the argument frequently used by a good many Canadian citizens—we will not produce unless we get more money. It seems to be regarded as a perfectly legitimate argument. I cannot see it myself, though I have adapted myself to it. It is used by member after member as a legitimate demand: You don't get us to produce unless you pay more money. I suppose something like that was said to the wool board and they replied: In your particular case we have a surplus of the product already, so that the argument does not carry there. And so far as I am concerned I am glad we can say that once in a while.

Mr. BLACKMORE: Hon. members will remember that the prospective and potential producers of war materials were the very first to say: We won't produce unless we get so much, and five per cent is not enough.

Mr. ILSLEY: I am not singling out any particular class of Canadian, mind you.

Mr. BLACKMORE: What would be a thoroughly legitimate thing for the producers of war goods, munitions, to say, ought to be a thoroughly legitimate argument in the case of the producers of wool. There is no answer to that. I wish to indicate to what extent some of the producers and manufacturers were restricted in the matter of wool. I will read an excerpt or two from a letter.

Mr. ILSLEY: After this I want my hon. friend to put his letters on the table of the house.

Mr. BLACKMORE: It is right here; you can come and see it.

Mr. ILSLEY: No. I want him to lay them on the table.

Mr. BLACKMORE: That is not necessary. All that is necessary is that I should vouch for the letters, and I do vouch for them.

[Mr. Blackmore.]

Mr. ILSLEY: I rise to a point of order. If my hon. friend is going to read from letters, which he has been doing freely, and I have not insisted on the rules, he should produce the letters.

Mr. HANSON (York-Sunbury): That is not the rule.

Mr. ILSLEY: Isn't that the rule?

Mr. HANSON (York-Sunbury): It is a rule made by the government since the war began. The rule is that if a member of the government reads from an official document, he must table it, but the reverse is not the case. I can quote from a letter if I want to and I do not have to put it on the table. That rule has been made by gentlemen opposite to suit their own convenience.

Mr. MACKENZIE (Vancouver Centre): That is not correct.

Mr. HANSON (York-Sunbury): It is correct.

Mr. QUELCH: Paragraph 316 of Beauchesne reads:

> It has been admitted that a document which has been cited ought to be laid upon the table of the house, if it can be done without injury to the public interest. The same rule, however, cannot be held to apply to private letters or memoranda. On the 18th May, 1865, the attorney-general, on being asked by Mr. Ferrard if he would lay upon the table a written statement and a letter to which he had referred on a previous day, in assuming a question relative to the Leeds bankruptcy court, replied that he had made a statement to the house upon his own responsibility, and that the documents he had referred to being private, he could not lay them upon the table. Lord Robert Cecil contended that the papers, having been cited, should be produced; but the Speaker declared that this rule applied to public documents only.

Mr. HANSON (York-Sunbury): And that is the general rule.

The CHAIRMAN: I have stated previously that I hold very strong views on this matter. Personally I feel that any member of the committee quoting from a letter should give the source of his information. A year or two ago the hon. member for North Battleford was compelled to produce a letter which she had read in committee; and I am sincere in my conviction that any members of the committee quoting from letters should give the names of the writers, for the information of the committee.

Mr. BLACKMORE: It is a question of what is the rule.

Mr. HANSON (York-Sunbury): What is the justification for your decision, Mr. Chairman, based on the rules? I know that has

been the practice since 1940, but I should like to say to you, sir, with great respect, that prior to 1935 that rule was never even suggested in this house, and there is no affirmative rule to support that position.

The CHAIRMAN: To a large extent it is a question of precedent.

Mr. HANSON (York-Sunbury): Then that means we make the rules as we go along.

The CHAIRMAN: I believe it would be in the interests of the committee that members quoting from letters should give the sources of their information.

Mr. COLDWELL: It is not a matter of opinion, Mr. Chairman; it is a question of the rules. While we may not like to have long letters read in the house, if an hon. member takes the responsibility of quoting a letter, under the rules that ends the matter so far as this house is concerned. I do not think there is any doubt about that, nor do I think the opinion of the chairman can decide an issue of this description, which should be dealt with under a rule of the house.

Mr. BLACKMORE: I am prepared to table the document if necessary; there is nothing secret about it, but I would just as soon keep out the names as far as possible. Now I want to read this little excerpt from the letter:

> Mr. Moore, manager of the Golden Fleece Woollen Mill, told me he was only allowed to put twenty per cent of wool in blankets for civilian use, the rest had to be shoddy. . . . No wool, no underwear, say the manufacturers. I could send you a dozen letters from firms who have no wool.

This is from the manager of a department store. Then he gave me two letters from other firms. One is dated February 8, 1943, in which it is stated:

> Production of civilian goods will be restricted in 1943 for two reasons. First, army requirements will be larger than in 1942. Second, wool available for the production of civilian goods has been restricted by the government to sixty per cent of the quantity of wool used by this firm for civilian production in 1941.

Then from another letter dated January 29, 1943, I quote the following:

> We are now prohibited by the wool administration from making a reversible blanket, and as a matter of fact have no stock whatever, and our wool ration is used up for the balance of this period.

The point that is interesting to me, and which I think ought to be interesting to the committee, is that whereas in Canada the wool production could be greatly increased by a few common sense devices, such as raising the price in order to permit producers to operate at a profit, nothing is done. Production of wool in Canada is restricted, apparently deliberately; at the same time consumption in Canada is restricted, also apparently deliberately. The two do not go together and make sense.

Mr. ILSLEY: I have said, and I suppose I shall have to repeat, that the over-all production was not restricted in 1942. I think in that year it was the highest in the history of Canada, or certainly far higher than in any year since 1935. In 1943 it will be slightly higher again. The full capacity of the wool-producing industry has been used in those years, and the limitations placed upon the use of wool for certain purposes is simply in order that more facilities may be available for other purposes. That is the reason for the restriction.

Mr. BLACKMORE: When the minister mentions production I presume he means production by the factories, not by the sheep producers. I have positive knowledge of at least a dozen men in my own constituency, whom I could name right now, who have restricted their flocks by as many as one or two thousand sheep simply because of the intolerable situation in which they find themselves, and they will further restrict their production. Certainly this is a dangerous situation to have existing in Canada. I say the wool productive capacity of Canada is not being used as it should be, and that is so as a result of the activities of the wool board, or the activities of Donald Gordon or someone else who is dictating to the wool board. If that board has full authority with regard to prices it must accept full responsibility. If it has not full authority, then whoever has that authority must accept responsibility. It is a serious responsibility, because if the contingency to which the minister refers should develop; if some difficulty should arise as a result of which Canada was cut off from supplies from Australia and New Zealand; if we should be thrown upon our own resources, many people in Canada would suffer from the cold because of a shortage of clothing. That would be the result of foolish, shortsighted mismanagement by whoever is in charge of Canadian wool production.

I have very little more to say, but I should like to put on record a set of figures to show the validity of my contention that the price of wool is too low. These figures were prepared by the executive of the Canadian Sheep

Breeders' association and used by Mr. T. C. Glaspell in his article, "Sheep Industry is Stifled," printed in *Farm and Ranch Review*, of January, 1943, which in turn reproduced the article from the *Farmer's Advocate*. The article is on page 13. These are significant words, coming from the vice-president of the Canadian Sheep Breeders' association:

Here is a table showing the cost of raising a sheep for a year, prepared by the executive of the Canadian Sheep Breeders' Association:

	Min.	Max.
Purchase price of good ewe....	$12 00	$15 00
Depreciation yearly	1 66	2 00
Ram service	50	75
Interest on investment.....	60	75
Grain 150 to 200 lbs.	3 00	4 00
Hay 400 to 600 lbs.	3 00	4 50
Veterinarian, worming, etc. ..	50	75
Pasture	1 50	1 80
Labour	3 00	4 00
Building investment	1 00	1 50
Shearing	25	25
	$15 01	$20 30

$15.01 plus $20.30 divided by 2 equals $17.65.
Death loss will balance ewe at 6 years.

Average cost to keep a ewe.....	$17 65
Sale of lamb crop at 125 per cent	
90 lbs. lamb at 12 cents.....	10 80
Plus ¼	2 70
	$13 50
$13.50 from $17.65	4 15

Fleece should sell for at least $4.15.
Average for Canadian fleece 8 lbs. should be 50 cents per lb.

The above table shows that lamb at 12 cents and wool at 31 cents does not yield a profit.

I have no more to say on this matter, but I urge upon the minister that he take it up earnestly with the wool board, and point out to them that in the interests of Canada there should be an increase this year of 10 cents a pound in the price of wool. That price should go to the producer—right straight to him, whether he has sold his wool, or whether he has not. Because it is not altogether a matter of whether or not the producer is going to make a profit this year; it is a matter of whether he will be encouraged to raise sheep next year. That is the vital question.

In addition, I suggest that the minister take steps at an early day to see to it that the actual producers of wool are represented on the wool board. I refer to producers of wool such as the man who wrote this article I have just quoted. And I want one more thing: I do not believe the price to the consumer should be increased in any way. In my opinion this whole matter should be taken care of by bonus and by subsidy, so that the cost to the consumer will not increase, but the price to the producer will be increased, so that he may have something in addition to his cost of production.

Item agreed to.

Sundries, $102,000.

Mr. REID: I do not know whether I might ask my question properly under this item, but for two years I have been endeavouring to get an answer from the Minister of Finance in connection with the 10 per cent discount on Canadian funds as against the United States dollar. It has been stated on fairly good authority by people in the United States that this is a matter entirely for the Canadian government. The United States is perfectly willing that our dollar should be equal to their dollar in value. When one considers we are all in this war together, and that last year it cost us upwards of $50,000,000 to balance our accounts, I think it is time the minister gave some statement to the house and country as to why our dollar cannot be on a par with the United States dollar.

Mr. ILSLEY: I know that on one occasion the hon. member indicated that at a later stage in the session he would ask me for a statement in respect of this matter. I must say however the matter is a most delicate one, and one does not like to make an impromptu statement. I am not prepared to make one to-day. The only position I can take, when people talk about exchange between Canada and the United States, is a perfectly non-committal one, because any indication of what might or might not happen can be used so widely both by hon. members and by the public in both countries. It is not a matter about which I should like to say very much. I might point out however that naturally a change in the final exchange rate would cause a vast amount of dislocation. I cannot myself see how it would affect the position of the Dominion of Canada as a whole, in any way. A change in the rate of exchange would certainly affect the position of many industries; some would be benefited and others would be injured. But it seems to me that from the point of view of the whole nation, stability is more important than the exchange rate being at any particular level.

Mr. HANSON (York-Sunbury): What would the effect be, on balance? Would we not derive a benefit?

Mr. ILSLEY: My knowledge of economics may be bad, but I should think that if exports were roughly equivalent to imports there would be no balance, one way or another.

Mr. HANSON (York-Sunbury): That is not exactly what I had in mind. I agree with the minister when he says that stability is the most important factor, from every point of view. Those who are engaged in business and who understand what this means will agree I am sure with the policy of the government and its advisers, namely that there shall be stability. But I have often wondered, and have interrogated several people who ought to know, why there should be this arbitrary ten per cent one way and eleven per cent the other. I have never gone to officials of the department, because I never felt free to do so, but I have wondered why these arbitrary percentages were established so early, and have been so rigidly adhered to. There must have been some basis for their establishment, but I do not think the reasons have ever been made public. I am not using the word "arbitrary" in any critical sense, nor am I offering any condemnation. But why the ten per cent and eleven per cent were so rigidly adhered to I cannot say. As a matter of fact the quotations show that the true rate has not always been stable. It has varied, as it did on previous occasions. But for the action of the Canadian government, in fixing it at an arbitrary rate, the rate at one time might be much higher and at another much lower. I agree that stability is all important. If the balance of trade were adverse, then of course we would have to pay for it in various ways. But if the balance of trade is somewhere nearly even, surely then the exchange rate should approach something like the equilibrium of trade. I believe the Canadian people would like to have from the minister an explanation of the reason for the inflexibility of the rate, having regard to changed conditions.

There was a time when we were told that the situation was precarious and dangerous. Then we were told that as a result of government policy and transactions which had taken place between the two countries, that situation had eased off. I should hope that that would be the position to-day. To most people, perhaps I should say uninformed people there does not seem to be any real good reason for this rigid and arbitrary rate. I invite the minister to make an explanation to the people as to why this policy is in effect.

Mr. REID: The hon. member for York-Sunbury referred to trading balances. In the speech I delivered at this session I gave exact figures of imports and exports. On a comparison of imports with exports there was a differential of $45,000,000 in last year's trading account. While stability has been given as a reason why this cannot be adjusted, that has not always been the reason given in past years. I can remember that at one time we were told that gold had something to do with it, in the days when we were on a gold standard. Then, again, we heard that it was the balance of trade, more Canadian dollars being sold on the world exchange. Now we hear from the Minister of Finance that it is stability. But if we are losing $45,000,000 a year, I think it is about time we received a complete answer. There may be a reason for it, but we have not been told what it is.

Mr. ILSLEY: Ten per cent was set because that was the market at the time. During the early days of the war the Canadian dollar went down in terms of United States dollars until the United States dollar was at about ten per cent premium. It was at that stage that the foreign exchange control board was set up. It was set up on September 15, 1939, shortly after the outbreak of the war, and it froze the exchange rate at ten per cent, which was just about the market rate at the time. The question is asked: Why is it adhered to? The answer is the same as the answer I gave to the question as to why has it not been changed, and why has it not been reduced. Stability is an extremely important thing, more important perhaps than anything else. If anyone can point out to me any national gain that would be made by reducing the spread, then the matter could be considered, but I think for every national gain there would be a national loss. I do not think the nation as a whole loses anything or is impoverished in any way by having these currencies in their present relation one to the other. While I am prepared to admit that a change would benefit certain industries, it would hurt other industries. The result of the whole thing would be dislocation and the necessity for readjustments. I do not want to talk about any particular industry, but it would be a blow to the newsprint industry to change this. If our friends in the west get to exporting quite a lot of grain to the United States, it would hurt them. The exporting industries would lose, at least at the outset, and the importing industries would gain. To the extent to which the government is an importer, the government would gain. To the extent to which interest is being paid, the persons paying the interest would gain. We do know that stability is a good thing for a nation, and when we try to balance the gains and losses against each other it is pretty hard to know what conclusion to come to.

Mr. QUELCH: So long as Canada is competing with other countries whose currencies are far below that of Canada, it would hardly pay us to appreciate our dollar. It does seem to me that exchange should be based upon what a dollar will buy. If the Canadian dollar will buy a hundred units in this country, and the American dollar will buy only ninety units in the United States, then the Canadian dollar is really worth more. As I understand it, at the present time our price level is lower than the price level in the United States, so that in reality the Canadian dollar is worth more than the United States dollar because it buys more goods. I am not advocating that the exchange rate should be washed out so long as we have to compete with countries like Australia and South Africa whose currencies are depreciated below ours; to do that would place us at a disadvantage.

Mr. GRAYDON: Before the minister leaves his estimates there are one or two matters I should like to call to his attention, and I do this without opening up any matters which were previously closed. I do not expect him to give an answer immediately; I want to leave these with him and he may have an opportunity later of answering them. During a previous debate he informed me that he would look into the matter of the differentiation in the sugar ration for canning purposes in the United States and Canada. At that time I sent the minister a newspaper article referring to the ration in the United States, and since then I have been informed that there is a programme three times a week over the national broadcasting network of the United States, which refers to a maximum of twenty-five pounds of sugar per person for canning purposes. I merely leave this with the minister, because I do not want to open up the discussion.

Mr. NOSEWORTHY: While we are on the question of exchange I should like to call the attention of the minister to a number of representations I have received from imperial war veterans. I am informed that the value of the English pound sterling has depreciated by about 43 cents in Canadian funds, and this adversely affects imperial veterans' pensions, amounting in some cases to a loss of about $2 a month. This may not seem a great deal to a government dealing in billions of dollars a month, but to the imperial war pensioners it is of some value. I understand that some years ago an attempt was made by the Canadian government to offset this, but nothing came of it. Has anything been done recently, or can anything be done to enable these men to receive their pensions in Canadian funds?

[Mr. Ilsley.]

Mr. ILSLEY: Surely that would not be a responsibility of this government; it is a responsibility of the United Kingdom government, and we must keep our jurisdictions separate.

Mr. HARRIS (Danforth): Some few days ago the minister was good enough to suggest that he would look into a question with regard to the auditor general's certificate in connection with revenues received. I intimated to him that a slight change had been made since 1937, and he indicated that he would probably make a reply. I will put on the record the observations I have in mind. At the present time the certificate reads:

> In accordance with the provision of section 45, subsection 1 of the Consolidated Revenue and Audit Act, I have satisfied myself that the above revenue for 1941-42 has been fully accounted for.

That is to say, the revenue referred to in the auditor general's report. Since 1937 the auditor general does not go behind that. In other days the certificate was that all revenues were being fully accounted for. The way we are set up now, with the comptroller of the treasury taking in the accounts from the different departments, the auditor general cannot go behind that and check on the accounts receivable or the accruals. The result is that the auditor general's report has not nearly the value it had previously. I raised this question some three or four days ago and I was hoping that either the parliamentary assistant or the minister would make a statement.

Mr. ILSLEY: I have no recollection of the hon. gentleman raising it.

Mr. HARRIS (Danforth): I raised the question of there being a lag in the audit, and referred to the fact that the terms of the certificate did not cover all revenues, that they covered only the revenues actually in the auditor general's report.

Mr. ILSLEY: I did not get any information about it. I do not know why the form was changed, but perhaps I can get that information and give it to my hon. friend on the main estimates.

Item agreed to.

Auditor general's office—Audit of war expenditure, $281,500.

Mr. HARRIS: I raised a question which might properly come under this item, I think, Mr. Chairman.

Mr. ILSLEY: Yes, if I had the information here. The main estimates will be coming on later, and then I will have the information.

Mr. HANSON (York-Sunbury): There has been a controversy with respect to the powers

of the auditor general. The matter was raised by me in the public accounts committee, and we took some evidence. We had the auditor general and the comptroller of the treasury before us, but the inquiry is incomplete because we did not have time to finish it. A controversy arose in days gone by in respect to this matter of the auditing of accounts, as the minister knows probably much better than I do. The correspondence is referred to, I think, in the auditor general's report. We had a statement from the auditor general in the public accounts committee as to his jurisdiction in certain matters, but I think this is a matter which ought to be studied further by the public accounts committee and by the members of the house. I do not want to delay the committee by entering into a discussion now, but there is some question as to the legal authority of the auditor general under the Consolidated Audit and Revenue Act. The question was raised, I think, by Mr. Gonthier after he became auditor general, and the justice department has given an opinion adverse to the position taken by the auditor general. I think this matter might well be a subject of further review by the minister during the recess, if he ever has time to look into it.

Mr. ILSLEY: I looked at the submission of the auditor general to the public accounts committee.

Mr. HANSON (York-Sunbury): I am not saying that we agreed with it at all, but we had it before us. There is another side to the story, and we were not able to get it.

Item agreed to.

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

Pensions branch—treatment and pensions examinations—members and ex-members of the defence forces (present war), $4,225,000.

Mr. J. A. ROSS (Souris): I should like to say something with regard to the insurance principle. I endeavoured to say something on the subject when the estimates of the Department of National Defence were before us. The two departments are closely associated. The question, of course really comes under the department of pensions.

A person who volunteers for service must obey orders and serve where instructed, whether it be overseas or in Canada. With respect to the men serving overseas the present Pension Act may be considered fairly satisfactory, although there are some difficulties which are probably due to interpretation, more especially in the case of widowed mothers. But the Pension Act is anything but satisfactory so far as our men on active service in Canada are concerned.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): I do not wish to interrupt my hon. friend, but there is another item for pensions. This item is for treatment.

Mr. ROSS (Souris): Can we not have a general discussion on this item and then deal with the other items separately as we reach them?

The insurance principle in pensions originated during the last war. It was found necessary in order to prevent injustices which prevailed at that time. In 1919, when the Pension Act was first enacted, the insurance principle was included after due deliberation by the parliament of Canada. A few years after the last war, as a result I believe of the urgings of ex-service men's organizations, a commission was set up headed by the then Colonel Ralston, now the Minister of National Defence. That commission sat for a couple of years and after a great deal of work recommended that the insurance principle should be restored and applied to all those who had served, and the Pension Act was amended accordingly.

At the outbreak of the present war the government pledged itself to apply all the benefits of the existing act including the insurance principle to those enlisting for active service. A special order in council was passed under the War Measures Act giving effect to this pledge. However, on May 21, 1940, the government changed its policy, repudiated its pledge, and definitely excluded from the benefit of the insurance principle all those whose service was in Canada only. True enough, provision has been made whereby a pension may be granted on compassionate grounds in cases of serious disability or death arising on service in Canada where those concerned are in necessitous circumstances. I do not think that that should be the law applying to all those who offered their services. But the fact remains that the benefits of the insurance principle have ever since May 21, 1940, been denied to those whose services in the present war have been in Canada only. Parliament later passed a bill which makes that the law. The pledge given by the government at the outset of this war should be lived up to. I think most people in this country believe in that principle. A soldier injured in Canada is discharged as soon as possible in order to get him off pay and allowances. He receives no pay or allowance while receiving hospital treatment, other than one dollar a month to purchase comforts.

There is also inadequacy of dependents' allowances and unfairness in the "means

test" investigations under the present system. It is a downright shame that a widowed mother whose only son and support has volunteered for service overseas should have to submit to a means test in order to secure an additional amount of $5 a month over the $20 a month she is now allowed. She should not be put on a charity basis if her son was her only support before enlistment.

On June 18 an estimate was passed granting as of that date war widows' pensions. Provision was then made whereby a pension at the rate of $20 a month, might be awarded to war widows fifty-five years of age and in necessitous circumstances. While this is a step in the right direction, in my opinion these pensioners and the old age pensioners should receive at least one dollar a day or $30 per month.

I also think that provision should be made to give these widows free medical treatment on the same basis as treatment is now given to the recipients of the war veterans allowance. It will be realized that many of these widows are not able to earn other money to provide clothing for themselves and live on the present meagre allowance, and certainly they cannot pay medical and hospital expenses. Free treatment should be given them on the same basis on which it is given to recipients of the war veterans' allowance. If we cannot provide for these people and their dependents in these difficult times, I do not know how we are ever going to create this better world in the post-war period about which we hear so much and which people all over the world are studying, including a committee of this house. If we cannot set an example to men who have offered their all in defence of our way of life, it is difficult to see what the post-war period may bring forth.

I also think that there has not been proper coordination of medical man-power with respect to our civil and military needs. There is a serious handicap in many districts where the civilian population are not able to get proper medical attention. It would have a distinct bearing on the morale of those in the armed forces to-day if they were satisfied that their dependents were assured of proper medical attention when they need it. An effort should be made to establish greater cooperation between and coordination of medical services for the armed forces and the civilian population.

With respect to rehabilitation, some improvement could be made. Under present conditions the clothing allowance is not sufficient. With due respect to our price control board, everyone knows that you do not obtain the same value in purchasing clothing to-day as you received before the war.

Mr. MACKENZIE (Vancouver Centre): Is my hon. friend referring to the clothing allowance on discharge?

Mr. ROSS (Souris): Yes.

Mr. MACKENZIE (Vancouver Centre): That is a matter for the Department of National Defence.

Mr. ROSS (Souris): Well, much of the responsibility for rehabilitation falls upon the minister's department. As I said in the beginning, the two departments are so closely associated in these matters that it is sometimes difficult to separate them.

As I was saying, when a man is discharged nowadays he cannot purchase for the same money the type of clothes which he was used to when he enlisted. Probably the same price prevails, but you do not get the same quality. That fact should be taken into consideration.

I am also of opinion that there should be some difference, based on length of service, in respect of the allowances granted when a man is discharged. He should be allowed at least one month's pay and allowances for each year of service that he has rendered. I served on a committee which drafted a measure dealing with compulsory reemployment after the war. There were ambiguities about the bill which did not satisfy me; obviously some of the problems involved cannot be easily overcome. For instance it is not always possible for an employer to reengage all his old employees when they come back. In this connection I suggest that every man who comes back, especially if he has served in a theatre of war, should be granted a month's leave in order to visit his family, look around, and get his bearings. Then he should report back, and if there is not a suitable job for him, his pay and allowances should be continued until such time as he has received proper vocational training or is able to fill a proper job. Definite provision should be made in this respect.

In the matter of the welfare divisions which, I believe, are now operating through the country, great care should be taken to select suitable persons as chief officers of the various branches. They should be people with ex-service experience—I assume that in most cases, if not all, they are. They should have a human understanding of these difficult problems. When a man has seen active service overseas, particularly if he is a young

airman, it is difficult to get him properly rehabilitated. All these officers, therefore, should be endowed with humanitarian understanding of such cases.

In the matter of hospitalization, all hospitals should be located in quiet areas, to avoid undue disturbance of our nerve-shattered ex-service men, and should be surrounded with proper grounds. Too often that is not the situation to-day. I am happy to say that in my native province we have a fine hospital in an admirable location. But that is not the case in many other sections of Canada. I am informed that generally speaking the surroundings are unsatisfactory. I believe that Christie Street hospital, Toronto, was originally a factory, and was taken over during the last war as temporary quarters. It is most unsuitable: on one side are the railway tracks, and on the other the street cars; it is in the midst of a manufacturing centre where there is tremendous noise at almost all times, and all the surrounding conditions are anything but conducive to the welfare of the patients. I do not believe that many improvements have been made to that hospital since the last war. I am informed that it is not properly staffed, that in some cases there are fifty to seventy-five men in a ward, that the ventilation is inadequate, the toilets and baths are practically the same as they were in 1918, and that there are many other defects. Such conditions as these are not good enough for those who have offered their all and as a result have become casualties. They are entitled to the best treatment and the most generous consideration possible. If we cannot provide fitting conditions for these casualties, it does not augur well for that post-war period of which we hope so much. I could spend a great deal of time discussing Christie Street hospital, but the hon. member for Hastings-Peterborough, who himself was a war casualty and a patient in that hospital, knows something of the situation there and will speak on it. Also the hon. member for Parkdale, who is an eminent physician and surgeon and knows a great deal concerning this matter, will deal with it in greater detail.

I trust the minister will give some consideration to the points I have raised and those with which my colleagues will deal as we go along. The minister, being an ex-service man, is sympathetic. He may have his difficulties in these respects, but I trust he will take measures to alleviate conditions which are not satisfactory.

Mr. P. E. WRIGHT (Melfort): I wish to say a few words with regard to pensions of returned men of the present war. I agree with the hon. member who has just taken his seat that in the present Minister of Pensions and National Health we have one who is sympathetic to the men and who gives prompt attention to any cases which are brought to his notice. Nevertheless I am afraid there are still some in his department, dealing with matters of pensions, of men now returning from overseas in the manner in which many such cases have been dealt with since the close of the last war, who have not the humanitarian views that he has.

I have two cases in particular which I wish to bring to the minister's attention and which, I think, bear out this contention. One is the case of a young man who was called up in Saskatchewan and who was suffering from stomach ulcers. He told the doctor of his condition when he was called; nevertheless he was ordered to report for military training, and did so. In the course of about three months because of the more violent exercises which he had in the army, and the change in his diet, he was hospitalized, remained in the hospital for a considerable period of time, and was discharged. When he returned home he again had to be hospitalized twice. The third time he was examined by his local doctor, who stated that his condition was so serious that he did not think an operation could be performed in the local hospital and recommended that he be taken to Winnipeg. His mother accompanied him there, and he was placed in a hospital and put under the care of a specialist who was recommended by his local doctor. His position was brought to the attention of the pension officers in Winnipeg, and they visited his mother in the hospital and asked that he be transferred to Deer Lodge hospital and placed under other medical attention. You can realize the position of that mother, with her son in a serious condition, in hospital in a city some five hundred miles from her own home, and having had a certain doctor recommended to her by her own physician. Naturally she wished to have the operation performed by the doctor who had been recommended; nevertheless these officials insisted that if she was to receive any assistance she would have to consent to the patient's removal to the other hospital. The result was that under this pressure she agreed. They said they would not accept the responsibility, so far as hospitalization and the operation were concerned. The operation was performed in Winnipeg General hospital. The minister's officials wrote to the department that the lady was quite satisfied with this arrangement, but immediately upon her return home she wrote me an entirely different letter. I cannot understand how she would say that she

was entirely satisfied on February 23, and on March 23, on reaching home, write to me stating that under the circumstances—I would not say she had been forced, but certainly pressure had been brought to bear which she could not resist—she had agreed, because she had already paid $40 as a deposit on hospitalization in the Winnipeg General hospital.

Mr. MACKENZIE (Vancouver Centre): May I have the name privately?

Mr. WRIGHT: Yes. I do not think that is a fair way to treat men who have been discharged from our services. I have another case of the kind, though it is slightly different. A man returned from overseas where he had become a mental case. He was sent to Canada and placed in Ste. Anne de Bellevue hospital. His papers were lost, his people did not know where he had disappeared to, and the mother's share of his pay, which had been going to her regularly, ceased, and she received no further communications from her son. She wrote to me with regard to the matter and I took it up and found that this man was a mental case. I went to the hospital, and in conversation with the doctor in charge, as well as with the patient, I found that he was getting very fair attention, but the doctor stated that his case was such that, in his opinion, insulin treatment would have beneficial results. He informed me, however, that there were no facilities for giving such treatment at that hospital and that he would endeavour to have this man sent to Saskatchewan to one of the mental institutions there, where this treatment might be given. I pointed out to the doctor at the time that these institutions in Saskatchewan are filled to the doors, and that there is no room for patients there. It is a shame that our men returning in such a condition should not have the best treatment that science can give. It is something that should be taken up.

Mr. MACKENZIE (Vancouver Centre): These facilities are now being installed in Ste. Anne's hospital.

Mr. WRIGHT: I am glad to hear that, because it is certainly necessary. With regard to this particular chap, I had a letter yesterday which I have sent on to the minister and I know it will receive his attention. As proof of what I am saying with regard to certain officials, this man's mother received a letter the other day stating that the hospital authorities were of the opinion that if the man were returned to his native village under familiar conditions he might be better off than he would be in the hospital where he was, but that she would have to sign a form which would free the authorities from any responsibility, not only with regard to his conduct, but with regard to pension. If that is correct, it is a matter that should be looked into. These men returning from overseas should be given sympathetic attention and treatment in this country, and I hope that the minister will see that the officials in his department give that attention and that treatment.

Mr. MACKENZIE (Vancouver Centre): Has my hon. friend sent me that case?

Mr. WRIGHT: Yes, I did. I sent it either yesterday or this morning. With regard to widows' pensions, we have an act whereby the widows of men who served in the last war and who are receiving pensions, or receiving benefits under the war veterans' allowance provisions, will receive consideration. I think that this should be extended to all widows of veterans of the last war, not only to those who are receiving pensions and those who are receiving war veterans' allowance, but to any who are in necessitous circumstances. We can well afford to take care of the widows of men who served in the last war, who find themselves in such circumstances to-day. They are all advanced in years, for the most part fifty-five or fifty-six, and the department might well consider granting a reasonable pension to all widows who are in necessitous circumstances to-day.

Mr. G. S. WHITE (Hastings-Peterborough): I wish to make a few remarks dealing with two subjects. First, I join in what the hon. member for Souris (Mr. Ross) has said in connection with the insurance principle as it relates to soldiers' pensions. He outlined briefly when and why the change was made, by which soldiers injured while on furlough in Canada would not be entitled to the benefit of pension. It is hard to understand why the department has adopted this arbitrary condition regarding pension to a soldier who is injured while on furlough in Canada, because if he were injured on furlough while serving beyond Canada he would receive the benefit of the pension act. To-day there must be many soldiers in Canada who were injured while on furlough. I know personally of a number of men in Christie Street hospital who have been injured while on leave; they have been in motor car accidents and some have lost a leg or an arm or other parts of the body. Some of them are in very bad condition. Not only are these unfortunate soldiers not eligible to receive the benefits of the act, but soon after their misfortune they are discharged from the army, thereby losing their pay and allow-

ances. It is quite true that the soldier continues to receive medical and hospital treatment as long as his injuries demand it, but in the meantime he is drawing no pay or allowances. It would seem to me only fair and reasonable that any soldier who has the misfortune to be injured while on leave, and who is not entitled to pension, should at least continue to receive pay and allowances until such time as he is discharged from the hospital. Take for instance the soldiers at Christie Street hospital who were injured in motor car accidents and who have since been discharged from the army. These men are drawing no pay and allowances. I understand that the only allowance they draw is $1.75 a month, which is granted them for hospital comforts. If that is wrong I hope the minister will correct me. When I heard of this condition, which seemed almost unbelievable, I took the trouble to consult an official of the department stationed at Christie Street, and he confirmed the fact that a soldier in hospital not eligible for pension, who had his pay and allowances cut off on being discharged from the army, would draw $1.75 a month.

Mr. MACKENZIE (Vancouver Centre): Is my hon. friend familiar with the new regulations applying on and after the 1st of May this year? They have entirely changed that.

Mr. WHITE: How much is he drawing now?

Mr. MACKENZIE (Vancouver Centre): The same as the rehabilitation benefits. I will deal with that in detail later, but they are substantially larger than my hon. friend says.

Mr. WHITE: Would the minister say how much he would draw in a lump sum while he is in the hospital?

Mr. MACKENZIE (Vancouver Centre): If he is single he would get $10.20 a week, and if married $14.40, plus allowances for his children.

Mr. WHITE: Is that paid while the soldier is in hospital, or after his discharge from hospital?

Mr. MACKENZIE (Vancouver Centre): It is paid to his family while he is in hospital.

Mr. WHITE: But take the case of an unmarried soldier in Christie street hospital. While he is in hospital, drawing no pay and allowance, what does the government give him, if anything, over and above the $1.75 per month I have mentioned?

Mr. MACKENZIE (Vancouver Centre): Is the case referred to by the hon. member that of a discharged man or of a man still in the service?

Mr. WHITE: It is the case of a discharged man still receiving hospital treatment.

Mr. MACKENZIE (Vancouver Centre): He gets $10.20 a week.

Mr. WHITE: When did that start?

Mr. MACKENZIE (Vancouver Centre): On May 1 of this year.

Mr. WHITE: I am very glad to hear that, because it seemed to me a most disgraceful condition that a soldier could be sent to hospital and given only $1.75 a month. A country which can raise billions of dollars a year for war purposes should be able to provide pensions for all soldiers who are injured while in the armed forces. I think the minister would be among the first to agree that any court of law would hold the department responsible to some extent for a soldier injured while on leave. Take the case of a soldier in Ottawa going on leave to Toronto, who is injured in a motor car accident. If that soldier had not been in the army he would not have been in the city of Ottawa; he would not have been on the highway between Ottawa and Toronto, and therefore he would not have been there at the time the accident occurred. Even though a soldier is on leave he is subject to recall at any time, and it seems to me a most decided hardship that a soldier who, through no fault of his own, is at a certain spot at a certain time and thereby is injured in an accident, as a result of which he is discharged from the army as soon as possible, is given only hospital and medical treatment, and he and his family receive no pension.

To illustrate what I mean, last Sunday in the small village in which I live a sergeant-major home on forty-eight hours' leave had the misfortune to be drowned. He left a widow and one child. As I understand the regulations, since that man was on leave or furlough his widow and child would not be entitled to any of the benefits of the Pension Act. I understand there are certain provisions under which a pension may be granted on compassionate grounds, or under section 11 (3) of the act, but that is only of a temporary nature. My understanding of that provision is that it is not permanent, that it is a pension granted only a short time and as a charitable gesture, while it is subject to review at any time. I suggest to the minister that this is not good enough. Take the case of this unfortunate soldier who was

drowned last Sunday. Surely his wife and child should not be placed in the position of having to accept charity. I submit that in this case the widow and child should receive all the benefits of the Pension Act. A moment ago the minister said the clothing allowance was not under his department. I do not know whether the rehabilitation grant is under his department or not.

Mr. MACKENZIE (Vancouver Centre): Not the grant given at the time of discharge, but the rehabilitation benefits are under this department.

Mr. WHITE: Then I should like to tell the minister that the conditions which exist at the present time, under which an amount equal to a month's pay is granted, are entirely inadequate.

I should like to say a word about Christie Street hospital in Toronto. During the past few weeks various articles have appeared in the press, and no doubt most hon. members have received a document from the soldiers' organization, dealing with conditions at the Christie Street hospital. These articles in the press have been prompted by an announcement by the department that an addition is to be erected to this building in the near future. I should say to the committee that any remarks I make in regard to Christie Street hospital are not based on information contained in these various newspaper reports but are made as a result of my personl observations and visits to this hospital. I was a patient there for some time in 1919, and from that time until 1939 I visited the hospital on various occasions. Since November, 1942, I have been at the hospital twelve different times. To-day this hospital is in much the same condition as it was when I was a patient there in 1919. It is the same old factory building that was taken over by the government at the end of the last war, to meet a temporary emergency. Since that time it has been patched up in various ways; additions have been constructed, and so on, but the same overcrowding exists to-day that existed in 1919, except that it has been considerably intensified. It still has the same large, barren, poorhouse type of wards, with lovely old steel girders exposed, with wiring and plumbing running across the ceiling, and so on, for the sick patients to stare at day and night. There is no system of ventilation or air conditioning; perhaps those are luxuries which we cannot supply to our soldiers. Many of these wards have large glass windows facing south, east and west, and most of these windows are without awnings. I was at Christie Street hospital last week. Anyone who has been in Toronto in hot weather will agree that there is no hotter place in Canada, but in that hospital I saw many boys in bed, seriously ill, with the sun streaming through these large glass windows without awnings, with only blinds to keep out the bright light.

I have been in various hospitals in England and Canada, but in my experience I have never seen a place so depressing, so drab and cheerless as the wards at Christie Street hospital. There is not a single bright spot of cheer in any ward. The beds are crammed tightly together in very large wards, and generally there is a second row of beds up and down the centre of the floor. Some wards have from sixty to eighty patients, and I doubt if such conditions would be permitted in many public wards in civilian hospitals since the time of Cromwell. Such things as easy chairs, chesterfields and so on just do not exist. In some of the wards the hardwood floors creak every time anyone walks across them, and the effect on a very sick patient of these floors creaking continually can be readily imagined. I know of boys in that hospital who have been seriously ill, boys who have undergone very serious operations and who, immediately after, have been placed in wards containing from four to six beds, while others have been placed in wards containing from thirty to fifty beds. I understand there is no such thing as a private nurse for any patient at Christie Street hospital, no matter how sick he may be. The entire hospital is understaffed so far as doctors, nurses and orderlies are concerned, and it is only because of the great and tireless efforts put forth by the staff that the hospital has been able to carry on. But each doctor and each nurse has only one pair of hands, and any visitor to that hospital can soon see that with the hundreds of patients there, a great deal of care and nursing attention is required. The hospital is overcrowded in every way. As I said before, it is greatly understaffed. On my visit last week-end I saw a young boy who had a very serious operation on Friday of last week. He did not have a private nurse, because private nurses are not supplied. And on Saturday morning, while he was in a very highly—

Mr. MACKENZIE (Vancouver Centre): I hesitate to interrupt the hon. member, but private nurses are supplied frequently at Christie Street hospital. The fact is that there were 613 vacant beds on June 30 of this year.

Mr. WHITE: Early on Saturday morning this young boy was there, in a delirious condition, and, while no one was attending him,

he got out of his bed. Fortunately he was stopped by another patient before anything serious happened. I was glad to hear the minister say that there are private nurses at Christie Street hospital. Will he tell the committee how often soldiers are provided with private nursing accommodation at that hospital?

Mr. MACKENZIE (Vancouver Centre): At any time a particular condition requires it.

Mr. WHITE: Has the minister any record of the number of times each month private nurses are supplied to soldiers, and for how long?

Mr. MACKENZIE (Vancouver Centre): I have not that information with me, but I shall get it for the hon. member.

Mr. WHITE: I should be interested in seeing it. The toilets and washrooms in the hospital on the third floor are simply a disgrace. On one floor, the third, with at least eighty to a hundred patients, there are four toilets and a bathtub. This is the same equipment that was there at the time of the last war. If there are any shower baths on the floor, I did not see them. The elevators look to be the same old freight elevators that were installed when the building was used as a factory. They are very large and clumsy and slow. In a case of fire these slow, clumsy elevators would be of little assistance in facilitating the removal of patients who are considered bad cases. The staircases, which are quite wide, are in the centre of the building. Probably that is not the best location for them, in the event of fire. Whether the building is fireproof or not, I cannot say, but I did observe that there are many things in the building which would burn.

The hospital lacks recreation rooms, or rooms where soldiers may visit with their mothers, sisters or lady friends. The word "privacy" is unknown in this hospital. There are no grounds where the patients can rest outside, on days such as this one when the temperature is very high. There are no trees affording deep shade. The hospital is close to the tracks of the Canadian Pacific railway, where plenty of noise is provided both day and night. On days such as this, when most of the windows in the hospital are open, a cloud of soot and smoke comes through the windows every time trains pass. There are many other factories in the district, all of which add to the quiet of the hospital by their steady noise, day and night. From the hospital window one can easily see the factory buildings of the Dominion Bridge company, which are located only a few blocks west of the hospital. This factory operates day and night and patients in the hospital can easily hear the noise at all times. Street cars are only a short block away. In fact there is not one good feature or one good thing that can be said of the present location of the hospital. At its best it was only a temporary makeshift arrangement, taken over at the time of the last war. But through the years it has been patched up and added to, until to-day it is a patchwork with many additions and rambling buildings. If the addition now proposed is proceeded with, it will mean that Christie Street hospital will remain in its present location for many years to come, and that many boys who are now serving overseas will in the years ahead spend many dreary days and nights in this old ramshackle factory building. I suggest to the minister, who, I admit, has always taken a keen interest in soldier affairs, and has always given his most sympathetic attention to their grievances, that at this time, before the new addition is started, he should see that a survey is made to ascertain whether or not other locations can be found, either in Toronto or immediately adjacent thereto, where an entirely new hospital can be provided. It should have plenty of space, green grass, plenty of trees, running streams, sunlight, air free from dust and dirt and smoke of trains, and it should be a place free from noise and the eternal clatter which surrounds Christie Street hospital. I think the minister will agree that Canada must do better for her soldiers than to provide them with treatment in a place such as this hospital. In my opinion it is not good enough for the boys who are serving overseas.

At each session hon. members in all parties outline the very fine things they wish to do for the rehabilitation and reestablishment of the soldiers who return from overseas. Yet when we are dealing with disabled, crippled and wounded returned soldiers, instead of giving them the best in the country we are content to place them in a building which at best could be classed as no better than third or fourth grade accommodation. The various defence departments since the beginning of the war have built some first-class buildings and camps. Anyone who has been through the air force training centre at Trenton, or the Vimy barracks at Kingston, just outside the city of Kingston, or anyone who has seen pictures of the fine new naval building at Cornwallis, Nova Scotia, or has been through any of the fine training centres established from coast to coast, will realize that these buildings are most satisfactory in every respect. It is right that they should be. But they were all built for the purpose of training men for war. Surely if the defence department

can spend so much money on buildings of this kind, it is not asking too much to ask the Department of Pensions and National Health to provide an entirely new hospital for men who will need it in the years to come.

Much has been said this session about the purchase of rugs, chesterfields and office chairs. Perhaps they were needed in the places in which they were located. But a few of those chesterfields distributed around Christie Street hospital would not be amiss. To-day at the hospital there are many boys who served at Dieppe. It is a disgrace to Canada to have to admit that the best possible accommodation that can be supplied to the heroes home from Dieppe is space in an old factory building like Christie Street hospital. One can easily imagine the feelings of any mother who goes to visit her son for the first time on his return from overseas after being wounded, and finds him in a place with the atmosphere of this hospital.

I appeal most sincerely to the minister to give his serious consideration to the question of the addition to Christie Street hospital. If the department insists upon going ahead with this addition, and insists that the hospital must remain in its present position, then I can only say to the minister that at some time in the future, public demand and clamour will be so great against Christie Street hospital and the conditions existing there that the government in power, no matter what the party may be, will be forced to build a new hospital in some other location.

Mr. S. H. KNOWLES (Winnipeg North Centre): I shall confine my remarks at this time to one matter. I join with others who have referred to the subject with which I wish to deal, and I do so because of the minister's kindness yesterday in giving an interview to ladies who represent the people on behalf of whom I should like now to say a few words. I refer to the widows of veterans of the last war, for whom a special allowance was provided by this house on June 18. I understand that certain matters were brought to the attention of the minister yesterday, and no doubt he has had time to think them over. My hope is that he may be able to make some statement this afternoon with respect to three points which I should like to bring to his attention.

Before I do so, I should like to take a minute to offer a word of appreciation to the minister, or to the person responsible, for action taken on June 21. Hon. members will recall that on June 18, when we were discussing the appropriation of $400,000 for this purpose, I along with others had a great deal to say about the effective date of the payment. I was most insistent that it should be made retroactive to April 1. The minister sympathized with my point of view, but found it impossible that night to promise that my request would be met. However, when the order in council was passed on June 21 setting out the regulations under which these payments will be made, it included a provision for making the payments retroactive to April 1, although this was left to the discretion of the war veterans' allowance board. Like other hon. members I am still not satisfied with the amount, a mere $20 a month, but I am grateful for the action taken on June 21.

Mr. MacNICOL: On a point of order, is the matter now being discussed by the hon. member in order? I want to say something on this myself, but I did not see anything in the list that would permit me to do so.

Mr. MACKENZIE (Vancouver Centre): I think it has been the custom with all departments to permit a general discussion before the first item is specifically dealt with, and I understand that that is the practice we are following this afternoon.

Mr. KNOWLES: I was particularly anxious that the minister should answer these questions that I intend to put to him, because the ladies representing the women affected by this grant are in Ottawa at the present time, and it would mean a great deal to them if they could take the right word back to their organizations.

The first matter I should like to speak about is the administration of these allowances. It would mean a great deal to the administration if ladies representing what is known as the non-pensioned widows' associations could be given some say. I should like to see this representation just as effective as it possibly can be. I should like to see these women represented on whatever board is set up to administer these allowances. If there are technicalities which prevent the government from going that far, I trust that the minister will devise some means whereby ladies who represent the members of this organization, as well as those who are not members, may have some say in this matter. These women have been dealing with the problems of their fellow women for many years. They have at heart their interests, and, as I say, it would mean a great deal to the administration of the act if they had some effective representation. I believe it was the hon. member for Edmonton East (Mrs. Casselman) who emphasized on June 18 that the success of a venture such as this would depend largely upon the administration. I

hope that the minister, as a result of the thought he has given to this matter during the last few days, may be able to tell us that these women will be given representation in the administration of these special allowances.

The second matter about which I hope the minister may say something has been referred to already, I believe by the hon. member for Souris (Mr. Ross). It is the question of hospitalization for the women who will receive these special allowances. So far as I can discover no provision has been made as yet, unless the reference in the order in council of June 21 to the provisions of the War Veterans' Allowance Act covers this phase. If it does, I hope the minister will say so; if it does not, I hope he will give us some assurance that such provision will be made.

The third point about which I hope the minister will have something to say relates to the necessity, as I see it, of providing a larger sum of money out of which payments may be made to those who are to receive this special assistance. On June 18 the minister gave us a figure of between 1,800 and 1,900 women who were on the list of the department awaiting the passing of this grant.

Mr. MACKENZIE (Vancouver Centre): If I recollect aright, I said that the estimate made by the officials of the department of the number who would qualify immediately or almost immediately was 1,839.

Mr. KNOWLES: In any case the $400,000 which has been voted will provide $20 a month for only about 1,800 women.

Mr. MACKENZIE (Vancouver Centre): That is probably the basis of the estimate.

Mr. KNOWLES: Hon. members will realize that in various parts of the country there are many women who are deserving of this consideration, and that their number must greatly exceed 1,800. I hope the minister can give us assurance that if the department finds that there are going to be more than 1,800 women who will qualify, a supplementary item will be brought down to cover the additional women.

Mr. MACKENZIE (Vancouver Centre): The first point raised by the hon. member was as to the possibility of giving definite authority to some of these women's organizations in the administration of these allowances. I do not think it would be feasible for the government to escape complete responsibility for the administration. I have told these ladies, and I think I have indicated also to my hon. friend, that we should be very glad to avail ourselves of their services in an advisory capacity in the various districts. The procedure adopted is to refer these cases to what we call the local war veterans' committees, which I believe consist of the district administrator and two or three others. We should be most happy to have the cooperation of these women on these local committees, or to have them bring to our attention any cases of unfairness which should receive immediate attention. I do not think at the moment we can very well escape complete responsibility for the administration.

Mr. KNOWLES: Will the minister try to see to it that these local committees to which he has referred get in touch with these women right at the start? The point I should like to emphasize is that it would be a much happier arrangement if these women were brought in at the start, rather than later on when certain grievances may have grown up.

Mr. MACKENZIE (Vancouver Centre): I shall be glad to see that instructions are sent out to the local committees to extend the utmost cooperation to the various women's organizations.

Mr. KNOWLES: Not only to extend it, but to solicit it.

Mr. MACKENZIE (Vancouver Centre): The second point raised by my hon. friend was in connection with hospitalization. The men who qualify for war veterans' allowances are entitled only to examination and not to treatment. I do not know of any country in the world that provides hospital treatment for the dependents of its soldiers. In reply to the third question as to the amount of the appropriation, steps will be taken if necessary to see that the amount is ample to meet the cases which come to our attention.

Hon. H. A. BRUCE (Parkdale): I am going to deal with only one phase of the work of the Department of Pensions and National Health. It is with respect to a matter that has already been dealt with very effectively by the hon. member for Hastings-Peterborough (Mr. White). He has spoken of the situation that exists in the Christie Street hospital, from the point of view of a patient who spent several years there. I can only speak of it from the point of view of one who has frequently visited the hospital and has also been made aware of many complaints in regard to it over a period of many years.

To begin with, perhaps I had better refer to the number of petitions that have been sent in to the minister dealing with Christie Street hospital. One was sent by the Cana-

dian Corps association. I shall not read the whole text, but I wish to refer to one or two items. They say among other things:

It is with the conclusion reached, that in war time adequate steps cannot be taken to effect a remedy, that we must take issue. In war time, when the need is most urgent, many seeming impossibilities may be accomplished with good will and energy. Since nothing was done during more than twenty years of peace, there can be no assurance that, with the conclusion of hostilities, the present situation will be corrected. The outlook is made still more uncertain when the proposal to build a new wing of permanent construction is considered.

Many hon. members will have received through the mail a letter from Mr. P. B. Mellon, honorary national secretary of the National Council of Veteran Associations in Canada. I shall not read the document but will refer to one or two passages. This letter was directed to the Minister of Pensions and National Health, and it says in part:

At the meeting of the National Council of Veteran Associations in Canada, held to-day in Toronto with the following member organizations represented: The Canadian Corps Association, the Canadian Pensioners' Association of the Great War, the War Amputations of Canada, the Sir Arthur Pearson Association of War Blinded and the Army and Navy Veterans in Canada, I was directed to communicate to you the unanimously supported conclusions reached in respect to appropriate hospitalization of war casualties by the Department of Pensions and National Health.

His concluding words are these:

We are conscious of the duties and responsibilities devolving on us as citizens of Canada and as ex-soldiers. We cannot rest content and leave the wounded soldiers of to-day to the inadequate facilities and unfortunate surroundings of the present Christie street hospital. We believe you will understand and appreciate how strongly we feel in this matter and we earnestly hope that the evidences of your concern for the welfare of the men who have served as otherwise apparent will not be wanting in this instance.

I have put on the order paper a number of questions to which I should like now to refer. To one of them, regarding inspections, I have not yet received an answer.

Mr. MACKENZIE (Vancouver Centre): One appeared on the order paper to-day for the first time, so that naturally it could not have been answered by now.

Mr. BRUCE: Yes; the minister was not here the other day when I asked a question with respect to an inspection of this hospital, and whether regular inspections were made, and whether I might have a report of a recent inspection. I was particularly anxious to find out whether an inspection had been made with a view to determining the suitability of Christie Street hospital for the purposes for which it is at present being used, and as to its suitability as a permanent site for a hospital, and further as a site upon which the government would be justified in spending over $500,000 for additional buildings. I asked if such a report had been made, and if so, that the minister lay it on the table. Is there such a report?

Mr. MACKENZIE (Vancouver Centre): I shall be glad to answer that now. A weekly report is made on every hospital under our jurisdiction. Recently a special investigation was made by four medical officers, three representing the defence services and one from our own staff, who went fully into the whole question of the availability of sites in Toronto, and it was on their recommendation that it was decided to proceed with the extension that has been authorized. But there was no written report to me by this interdepartmental committee.

Mr. BRUCE: Thank you. From what the minister has just said I assume that the responsibility for going ahead with this construction rests upon the report of this committee.

Mr. MACKENZIE (Vancouver Centre): If I may interrupt again, I am not able to approve any hospital project except on the recommendation, first of all, of the wartime hospital committee.

Mr. BRUCE: Would not the final responsibility for what is done rest on the minister's own shoulders?

Mr. MACKENZIE (Vancouver Centre): Oh, yes; undoubtedly.

Mr. BRUCE: Then the minister bears a terrible responsibility if he goes ahead with this project. A cursory examination of the Toronto city directory will show that there are from sixty to seventy factories immediately surrounding this hospital site. In the city of Toronto certain areas are set aside for certain purposes, and this particular area for a considerable distance around the hospital is set aside as a factory district. Any factory therefore may be built at any time in this district around the hospital. To erect further additions upon the already overcrowded grounds of this hospital site, as the minister proposes, is to disregard what is due to our soldiers who have returned wounded and maimed after defending us against the most cruel barbarism.

I should like to refer to some answers to questions that I received a few days ago. I asked:

What factories or industries are located outside the Christie Street hospital within a radius

of half a mile, (a) to the west of the hospital; (b) to the south of the hospital; (c) to the north of the hospital?

The answer to that question was:

Not on record within the department.

If what the minister has just told us is true, that an inspection has recently been made by certain officers who have reported favourably on the suitability of this site for an addition to the hospital, surely they have been derelict in their duty if they have not reported to the minister that this hospital is surrounded by factories.

Mr. MacNICOL: And coal yards.

Mr. BRUCE: Yes; not only factories but coal yards, and immediately adjoining, to the south, is a double-track railway, within seventy-five feet of the building, I am told, although the return says 115 feet. I shall come to that in a moment. Then I ask:

4. Do any of these factories operate continuously day and night?

The answer is, "yes".

The fifth question is: "If so, how many?" and the answer is, "No information". Will anyone argue that an inspection of this district is a proper inspection when that important information is not disclosed? Surely it would be the simplest thing in the world to find out whether any of these factories operate at night. As a matter of fact the nearest factory on the west operates day and night.

Mr. MacNICOL: Seven days a week.

Mr. BRUCE: Seven days a week, as I will mention in a moment.

6. Does any factory work at night with the help of donkey engines and searchlights?

The answer is:

The department has no knowledge of donkey engines or searchlights being used at any plant in the proximity of the hospital. An overhead crane, in use by a nearby plant, does not make enough noise to cause any interference, and the neuropsychiatrist states that the sleep of the patients is not disturbed thereby.

The first part of that answer, in fact the whole of it, is contrary to the information which I have received. These searchlights are used in the proximity of the hospital; there is a crane which works at night, and a donkey engine which operates it, and the noise does cause such interference to the patients who sleep in the psychiatric wards that many of them are forced to go home and sleep in the afternoon—at least those who live in the city of Toronto and can do so—to get more sleep.

Mr. HOWDEN: The donkey engines the hon. member mentions are switch engines, I presume?

Mr. BRUCE: I suppose so—engines which operate the crane. These are in the McGregor McIntyre yard adjoining the hospital. I asked in question 7 if the neurological wards were on the west side of the hospital. The answer is, "yes". Question 8 is:

If so, what distance are those wards from the nearest factory or industry?

The answer is: "Over the fence." Just the other side of the fence! And yet we are told that these factories, operating in the way which I have described, can cause no interference with or disturbance of the patients in those wards. That answer to me, as a medical man, is incomprehensible.

Mr. MACKENZIE (Vancouver Centre): It is based on a report of two doctors who live there.

Mr. BRUCE: All right; I get a very different story when I go home to Toronto.

9. Have any complaints been made of the patients in these neurological wards not being able to sleep at nights because of the noise from these factories or industries?

The answer is:

No complaints have been received by the department.

I asked if complaints have been received. They say, no. Well, that may be so, but if they have not received any, the department has not read the newspapers in Toronto, because letters from patients and friends have appeared on a number of occasions in the press of the city, complaining of this very thing.

11. Are casualties from the present war placed in the wards with chronic invalids from the last war?

The answer is "yes."

12. If so, does the Department of National Health consider this a satisfactory and proper arrangement?

The answer is:

The only satisfactory distribution of patients (and the practice in general hospitals) is on the basis of their illness or injury, with the proviso that casualties of the present war are housed by themselves whenever expedient.

Unfortunately it does not happen to be expedient to house them by themselves very often in the Christie Street hospital. I have had numerous complaints from friends of patients, young men returned wounded in this war, who were placed in a bed adjoining a chronic helpless invalid who has slept in that bed for the last twenty years. I wonder if that has not a depressing effect upon the

young wounded man who has just returned. I leave it to medical men who are in the house if it would not also militate against the recovery of that patient.

The minister has already answered another question, having to do with the personnel of the wartime committee on hospitalization, which has had the responsibility of investigating this site and reporting upon it. These answers clearly show a pathetic ignorance of the real facts concerning Christie street as a site for a hospital—facts which could have been obtained in a few hours by a competent investigator. In view of the minister's insistence upon this site, I cannot believe that he has ever visited the hospital himself.

Mr. MACKENZIE (Vancouver Centre): Oh, yes; several times.

Mr. BRUCE: Well, he is observant and humane, and I do not understand, if he has visited it, why he would still insist upon continuing this monstrosity.

After what has been said so well by the hon. member for Hastings-Peterborough I can skip a good deal of what I had intended to say, because he has covered the ground. This building, as he has stated, was originally a factory. It was taken over during the last war and converted as an emergency measure for the purposes of temporarily housing casualties arriving at that time. The building is of mill construction, with the extra fire hazard which attaches to this type of building. It was never intended to be a permanent military hospital. The neurological wards, as I mentioned a moment ago, are on the west side next to the steel company's yards. Even the patients on the south side of the hospital are disturbed at night because of the noise of the trains passing a few feet below the building. There is very little space to enable the patients to get out and enjoy fresh air and sunshine, and if other buildings are put up adjoining the present ones they will still further curtail the grounds which are necessary and should be available for patients occupying beds in this hospital to enable them to get outdoors, particularly in the good weather of the summer and autumn.

Although the accommodation provided for veterans of the last war has been inadequate and unsatisfactory, I should like to say here that any criticism which I make does not apply to the medical or surgical staff of this hospital, which has been a most efficient one. I think we have at Christie Street hospital some of the best skilled surgical specialists to be found anywhere, and they are doing extraordinarily good work under very difficult conditions.

I am at a loss to know why the minister seeks to perpetuate a situation which for a quarter of a century has been only an unsatisfactory makeshift. I do not agree with him when he says that it would not be possible under the conditions which pertain during the war to provide better care, for the patients for whom his department is responsible, than is available at Christie Street hospital. The erection of a new building on another site, where there would be ample grounds for recreation and fresh air in pleasing surroundings away from factories and trains, can proceed with great speed, as has been shown by the erection of other buildings during war time, and without the annoyance to patients which building operations would cause patients in the already over-crowded Christie Street hospital if the building were gone on with there.

There will be no question of duplication of staffs until the new building is completed. It should be large enough to house all patients from Christie Street hospital who can be ultimately moved there, when it will be possible to have them there all under one administration in buildings of a permanent character with modern facilities and equipment if we are to give our wounded men who served us so well in this and the last war the very best accommodation that can possibly be provided. Nothing less than this will satisfy the people of this country. I do not believe that the argument which has been advanced, that materials and construction cannot be obtained for a military hospital, is a valid one. Recently the department of defence for the navy has announced its intention of building in Toronto a naval station of permanent construction. Surely such a building would not be given priority over a hospital to provide adequate care for our wounded men. What a hollow mockery it is to speak of a new and better world following this war if we fail at this moment to provide the most up-to-date accommodation for the care of those who risked their lives in their effort to save us!

I urge the minister, with all the force at my command, to alter his decision, even now at the eleventh hour, in order to avoid inflicting additional suffering on our brave wounded men and forcing them to live indefinitely in a makeshift hospital with surroundings of which he and this nation should be ashamed.

To erect additions to the present hospital, where already ten additions have been made,

will encroach still farther on the limited grounds on this site; and what will you have at the end? Buildings cluttering up almost every foot of the ground, with no space for the patients to get out and enjoy the sunshine and fresh air, but daily compelled to endure the noise, smoke and dirt incidental to a through railway line passing close by and numerous factories.

If the minister insists, our people will be outraged and he will have committed an offence against the gallant boys who are returning wounded and sick after giving all they had in defence of our liberties. Surely they deserve a better fate than this. What right has the minister to deny these wounded boys the best possible hospital facilities in spacious, attractive surroundings with the maximum of sunshine and fresh air that will help to restore them to health again? Their relatives and friends, yes, the Canadian people generally, insist that this simple justice be done. Although the minister's term of office will come to an end in due time by the will of the people, this hospital upon which he proposes to spend over half a million dollars will unhappily remain to perpetuate the memory of the Mackenzie folly.

Mr. MACKENZIE (Vancouver Centre): Taken over by the Tory government. If the hon. member wants to talk politics I will give him plenty of politics about how that thing was acquired.

Mr. BRUCE: I understand that the city of Toronto has offered two sites—

Mr. MACKENZIE (Vancouver Centre): They did to the union government, but they were refused. They offered them High park in 1919, but were turned down.

Mr. BRUCE: I think they have offered them since then. I believe they would give sites now. I understand there are half a dozen sites in Toronto available, good sites, with plenty of ground in suitable surroundings and near enough to meet the criticism that medical men and specialists would not be able to go to a hospital situated at a great distance from the centre. I should remark that one of the visiting medical men at Christie Street hospital told me recently that he was unable to use his stethoscope when examining patients there on account of the noise and vibration made by passing trains.

Mr. MACDONALD (Brantford City): As a medical man, does the hon. member think that is possible?

Mr. BRUCE: I do not hear the hon. gentleman. I am going to make a proposal in regard to what might very well be done. It is to establish a convalescent hospital or home to house the very large number of patients now being taken care of at Christie Street hospital. I believe that eighty per cent of the patients there, who have been there since the last war, could be better looked after in a convalescent home where it would be very much less expensive to take care of them. In the first place, they would not require operating rooms or X-ray equipment or expensive laboratories, nor would they require the services of surgical specialists and physicians, nor would they require the same nursing care. It should be possible to procure such a place. I have not canvassed the situation in the city of Toronto, but I would suggest that one place that might be secured is Casa Loma, a very large building used at present for show purposes. I am informed that in one room in that building they can place a thousand soldiers at one time. I should think it might very well be used for some such purpose as I have indicated. If this were done, it would be possible to remove a great many of the old patients from Christie Street hospital and enable it to take care of new casualties arriving in this war until such time as the new hospital I mentioned could be built.

I have dealt with the question of convenience to doctors. It is claimed that first-class specialists could not spare the time to treat stricken soldiers who might be moved to a cleaner, quieter but less accessible site. I do not believe for a moment that the leading orthopaedic and other specialists would be so unpatriotic as to refuse to treat wounded soldiers if they are housed in a suitable building, even though it entailed a slightly longer drive in their motorcars. It is an unjustifiable reflection upon the members of my profession.

Mr. MACDONALD (Brantford City): Would it not take longer for specialists to go, if it is farther away? And in that case they could not do as much work.

Mr. BRUCE: I think it is only a matter of a few minutes' difference, in any event. I should like to ask how this proposed treatment of our wounded men fits in with the declaration made by the Prime Minister two days ago when, speaking of our soldiers overseas, he said, "Canada will not fail them." Perhaps this is not the time to discuss whether the government has provided sufficient reinforcements, but this is the time and place to make good the Prime Minister's promise and see that a modern hospital is built immediately, with adequate facilities, on a suitable site with sufficient grounds to provide sunshine and fresh air in order that these patients

may have every assistance in recovering their health. This much the Canadian public demands of our government, and nothing else will be tolerated.

Mr. DANIEL McIVOR (Fort William): I may change the subject a little, but before I make the proposition I have in mind, I should like to ask the minister if a burnt-out soldier now unfit for work receives a pension of $20 a month, irrespective of age.

Mr. MACKENZIE (Vancouver Centre): Yes, provided that he served in a theatre of actual war as defined by the Pension Act, in dealing with the great war.

Mr. McIVOR: I should like to endorse what has been said by various hon. members with regard to widows of soldiers. There is no doubt that when our soldiers went overseas they took a great deal of risk, but the wives at home take considerable risks also. They are alone; they have to manage; they have sacrificed a great deal. If, in addition, they lose their husbands, I think they should receive every consideration at the hands of the minister. I should like to pay my respects to the officials of this department, from whom I have received nothing but courteous treatment. The only difficulty was that I did not always know the act thoroughly.

There is one matter I should like to bring before the minister; I am not sure whether this is the right time, though I know this is the right place and the right minister. In the city of Winnipeg an old friend of mine, Doctor J. R. Davidson, against whom I used to play soccer, has been conducting a clinic for the cure of cancer. In my hand I have a booklet which contains a reprint from the *Canadian Medical Association Journal* of 1941, and I am going to give this pamphlet to the minister so that he may become familiar with the work being done at this clinic. Doctor Davidson is doing a work that is touching upon the nation as a whole. Many cases which had been given up by a well known clinic in the country to the south have gone from Fort William to Winnipeg for treatment by Doctor Davidson, with very good results.

Mr. MacNICOL: May I ask where Doctor Davidson's clinic is located?

Mr. McIVOR: It is in the city of Winnipeg. The hon. member for St. Boniface is acquainted with it and he may be able to endorse what I say. Let me give an example a little closer to us. The hon. member for Portage la Prairie went to this famous clinic in the country to the south. There he underwent an operation and was sent home to await the last roll call. But hon. members saw him when he came into this chamber a short time ago, before he went back to Winnipeg for his last treatment by Doctor Davidson. He has been made almost new, and is very much encouraged. I am bringing this matter to the attention of the minister on this occasion because Doctor Davidson is not a young man any more; he is over sixty, at least, and I think the work he has done should be continued for the benefit of all Canada. I am sure the minister will see that this is done.

Mr. J. R. MacNICOL (Davenport): I am not going to deal with more than one subject at the moment. I should like to say something about Christie Street hospital, but there will be other estimates under which I can deal with that subject. I wish to thank the minister very kindly for his several references to my efforts, extending over quite a number of years now, on behalf of non-pensioned widows. It has been my pleasure to attend meetings of various non-pensioned war widows' associations in Toronto, Winnipeg, Edmonton, Calgary and elsewhere, and for many years I have been interested in their efforts to foster what I believe is the proper view in regard to this matter. During all that time I have found the minister most sympathetic. He deserves the praise not only of the women's organizations but of all who are helping these women to attain their objectives. He has been consistent in his support, though apparently until this session he was unable to do what he has told me on many occasions he wished to do, namely, to give consideration to non-pensioned widows. I am glad that this year he has been able to persuade his colleagues to let him introduce an item—I hope it is only an initial vote and that it may be increased later on—on behalf of non-pensioned widows. On the 18th of last month, when this matter was before the committee, I was unavoidably absent on an important mission in Toronto. I want to thank my leader for asking the minister on that occasion, even though the vote had been passed, to give me permission to touch upon the matter later. Perhaps I have no right to speak on it now, but I do so because the minister said he would permit me to speak at this time, and I thank him for that consideration.

On April 8, 1941, I appeared before a committee of this house to which had been referred various pension matters, including the question of non-pensioned widows. I was given a courteous hearing by that committee, and on that occasion I asked, first, that pensions should be

granted to widows of soldiers who during their lifetime had received less than 50 per cent pension. I believe at that time 50 per cent was the amount above which pensions were paid to non-pensioned widows and below which pensions were not paid. Secondly, I asked that pensions be granted to widows of soldiers who, during their lifetime, had received pensions of 50 per cent or over 50 per cent, but who apparently had recovered to such an extent that the pension had been discontinued. This would make the wives of such soldiers ineligible for pension at the death of their husbands.

In the third place, I felt that consideration should be given to non-pensioned widows of soldiers who had served in any theatre of war. I approved the vote passed the other night, so far as it goes. It is an advance over what we had. In the vote I find these words:

. . . compassionate allowances awarded by the Canadian pension commission to widows of persons who served in the naval, military or air forces of Canada during the war, 1914-18, who are in necessitous circumstances, at such rates not exceeding, however, $240 per annum (or $300 per annum in certain exceptional circumstances to be prescribed by the governor in council).

And so on. During the debate which ensued this was further elaborated upon. The minister stated, as reported at page 3798, of *Hansard*, by way of explanation of the class of widows who are to benefit under this vote:

The widows eligible will be those whose husbands' service records can be thus described.

Earlier on that page they are described as follows:

(a) Widows of disability pensioners not now provided for and (b) widows of deceased recipients of war veterans' allowance.

On the next page something further is stated with respect to what is to be done under the vote. The minister states:

These conditions will be applied to the widow herself, but the age mentioned will be fifty-five instead of sixty.

I compliment the minister upon reducing the age limit from sixty to fifty-five. I am sure he would have been supported had he reduced it to fifty, because when a war-widow reaches the age of fifty years, in many cases, because of anxiety, she may not be in a very satisfactory state of health. However, a reduction to fifty-five years is something for which we may be grateful.

After interrogation by the hon. member for Vancouver South the minister gave a further statement, and outlined to the committee what I thought was some interesting and worth-while information. The following discussion ensued between the hon. member for Vancouver South and the minister:

Mr. Green: The vote does not read that way; it reads as though the maximum a widow can get is $300.

Mr. Mackenzie (Vancouver Centre): That is income; but casual earnings are not classified as income. Casual earnings are in addition to the permissive income of $365.

Mr. Green: The widow, then, can get $490?

Mr. Mackenzie (Vancouver Centre): That is correct.

Mr. Green: Just the same as a veteran can?

Mr. Mackenzie (Vancouver Centre): That is correct.

That is a big step in the right direction.

Mr. GREEN: She has to earn the difference.

Mr. MacNICOL: Yes; the hon. member said that. She is permitted to earn up to $490. That can be increased later, of course, if the house so decides.

That is what the vote allows, but some provisions have been left out. The submission by the war veterans' association before the committee on April 8, 1941, asked that three classes receive pensions. I believe the first two classes have now been taken care of, but the third class, namely indigent widows of ex-service men who served in a theatre of actual war, have not been included.

Mr. MACKENZIE (Vancouver Centre): They have been covered.

Mr. MacNICOL: I am glad to hear that. The minister has gone a long way in thus including widows of war veterans who served in any theatre of war. That is very satisfactory news, but I had not understood it from the remarks made the other day. However, it is something really worth while.

I know a number of returned soldiers who, perhaps on account of pride, and perhaps on account of a certain amount of stubbornness, have refused to accept war veterans' allowance. I do not find fault with them, because I like to see evidence of pride in any man. I like to see a man fight for what he believes is right. I have in mind one or two who have refused war veterans' allowance because they believe in their hearts—and I am not saying they do so either rightly or wrongly—that they are entitled to pension. Would the widow of that class of soldier be entitled to a pension, under the vote passed the other night?

Mr. MACKENZIE (Vancouver Centre): If he qualified for pension she would qualify for widows' allowance, provided he served in a theatre of actual war.

Mr. MacNICOL: The fact that he had refused it would not disqualify her, provided he was entitled to it.

Mr. MACKENZIE (Vancouver Centre): That is correct.

Mr. MacNICOL: I am glad to hear that, too. I know of soldiers who served in the great war, who recovered from their disabilities acquired at that time, and who since that time have refused to apply for pension. They not having applied for pension, in the event of their deaths would their widows be entitled to the benefit of this vote?

Mr. MACKENZIE (Vancouver Centre): Replying to the hon. member, I can give only my opinion. I am not sure, but I would venture the opinion that if one had been entitled to a pension at any time, his widow would qualify.

Mr. MacNICOL: They are entitled, but they have refused to apply.

Mr. MACKENZIE (Vancouver Centre): I doubt if in that case the widow would qualify.

Mr. MacNICOL: Then that is one class I would ask the minister to investigate.

Mr. MACKENZIE (Vancouver Centre): Does my hon. friend refer to a man who had served in a theatre of actual war?

Mr. MacNICOL: I refer to the soldier who has served in an actual theatre of war.

Mr. MACKENZIE (Vancouver Centre): The widow would be eligible in that case, certainly.

Mr. MacNICOL: Then I think the minister has covered nearly everybody.

Mr. MACKENZIE (Vancouver Centre): Yes, I think so.

Mr. MacNICOL: I thought two or three classes had been left out, but I am glad to find they have not.

The amount of the pension was the subject of discussion at the last meeting. I have in mind what the Australians do. There the controlling factor is that a widow is granted a pension equal to the amount received by her husband during his lifetime.

Mr. MACKENZIE (Vancouver Centre): I think that is correct, but I also believe they are reconsidering that in Australia.

Mr. MacNICOL: I do not want to talk about something about which I know nothing. In the United States I believe they grant $30 a month to the widow of any soldier who in his lifetime received $10 a month. I had hoped that when this vote came up these women would be allowed more than $240 a year. I hoped that it would be at least $365, or $1 a day. Now that the minister has gone so far this year, perhaps he will consider an increase by next year.

Mr. MACKENZIE (Vancouver Centre): The hon. member for Parkdale (Mr. Bruce) is going to fire me.

Mr. MacNICOL: I am speaking for Davenport riding which has many thousands of returned soldiers in it. I hope the minister will go farther and allow $1 a day, which would be $365 a year. The minister has rather taken the wind out of my sails by including nearly everything I thought was not to be included.

An hon. MEMBER: Carried.

Mr. MacNICOL: It will be carried in just a second if the hon. member will possess his soul in patience. I have been interested in this matter for a long time and I am glad that some results have been achieved. Perhaps at this juncture I should commend the non-pensioned widows and their associations for having worked so persistently over the years. They have come to Ottawa on many occasions at great expense to themselves, and if the minister has not done so already, I hope he will express to them the government's thanks for what they have done to help him and his department to bring about the results that have been achieved.

Someone else has said that these non-pensioned widows should have representation upon whatever board is set up to look after this matter. One or more of the prominent non-pensioned war widows in Canada might be appointed to serve on these boards or committees and to help to set up the machinery for the administration of these grants.

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Chairman, considering that there is a treasury board operating in Ottawa I think it will be agreed that the Minister of Pensions and National Health has gone a long way toward meeting the demands of the ex-soldier. I doubt if we could find a stauncher friend of the ex-soldier than the present Minister of Pensions and National Health.

I should like to speak about something that is a little local in character. Last year I referred to the general hospital situation and the lack of cooperation between other departments and the Department of Pensions and National Health. Since coming to Ottawa this year, I have carried on negotiations as quietly as possible in the hope of arriving at what I consider would be a satisfactory solution of the hospital situation on the southern

end of Vancouver island. I would continue to work in that manner, because I think it is the most effective in the end, but the end of the session is quite close and there would be no opportunity for me to express publicly my opinion and to ask for the minister's co-operation. I think I shall get it when I have explained the general hospital situation in Victoria.

We have two fairly large and efficient hospitals, one operated by the Catholic church and one as a general hospital. They are both located in fairly large grounds and are free from the type of disturbance referred to by the hon. member for Parkdale (Mr. Bruce) as affecting Christie Street hospital. At the beginning of the war the medical director of the army visited Victoria to look over the situation. We tried to persuade him to erect an addition to either one or both of these hospitals to take care of soldiers while in uniform or when they are returned from overseas, but we were not successful. Since that time a hospital has been erected in the naval barracks at Esquimalt. This was found insufficient to take care of the needs, and they have added to it. It is a good hospital with efficient equipment, but it is located in the heart of the barracks and is subject to the same noises that certain other hospitals are subjected to. Then they built a hospital at Work Point barracks for soldiers in uniform. However, this was not sufficient and they took over the normal school, which is located some distance out. The minister said the other day that it had cost $70,000 to convert this school into a hospital. It is a fine building, but it is not serving the purpose it was originally built to serve. It will cost another $75,000 or possibly $100,000 to reconvert it to its previous use, and I hope that will be done.

In addition, a hospital was built at Gordon Head, which is about six miles from the centre of the city, to serve the officers' training camp. They are pretty well taken care of there. It is now proposed to build a hospital at Royal Roads which it is expected will cost in the neighbourhood of $500,000. This is the site of the naval college and is about nine miles from the centre of Victoria. There are no facilities to look after nurses or other attendants. They will not only have to build a hospital; they will have to provide transportation facilities, which are poor at the present time, and accommodation for nurses and other attendants. It is claimed that this will cost another $500,000.

They could build a unit of equal size as an addition to the Royal Jubilee hospital, which is the general hospital. This is situated in a twenty-acre piece of grounds. The hospital has sufficient facilities to furnish the required heating, as well as laboratory and other electrical equipment. This has been offered to the department, but they insist upon going on with their plans to build at Royal Roads.

Mr. MACKENZIE (Vancouver Centre): Not this department.

Mr. MAYHEW: No; the department of naval affairs. I understand that this would not be acceptable to the Department of Pensions and National Health when completed, so that we would have at the very least three-quarters of a million dollars, and I would say that one million dollars would be nearer the amount, spent on this hospital, which in my opinion would not be properly located for the boys when they return from overseas. It would mean that the patients would be at least nine miles from the city, and their friends and relatives who wanted to see them would have to travel that distance to do so. If conditions prevailing in the city of Victoria were anything like those that have been described as prevailing around the Christie Street hospital, or even the general hospital in Toronto, which I believe is pretty noisy, I would not object to going a certain distance out of the city to find a quiet and suitable place. But those conditions do not exist in Victoria. The buildings are modern and have every facility. They are both classed as A1. I am told that the cost per bed in the addition to the Royal Jubilee hospital would be at the maximum $1,250, while the cost per bed in the other hospital would be some $1,500 at least, and then the building would be of no value afterwards.

I think there has been a lack of cooperation between the three services in building their hospitals from the start of this war. I had hoped that that would be stopped by this time, but apparently they are still not ready to cooperate with the Department of Pensions and National Health and locate hospital additions where they can do the most good. I think the hospitals built in war time for the soldiers should integrate with the civic hospitals, so that they will be of benefit to the general public when the war is over. But that is not so in this case. I do not know whether the Minister of Pensions and National Health or his department has agreed with the other three departments on this proposal. If he has, I say to him now that as far as I am concerned I am going to oppose it, but I do not believe he has. If, however, he has taken a stand and is opposing the proposal of the other three departments to build this hospital, I will support him.

Mr. T. L. CHURCH (Broadview): So far as hospitalization is concerned, we are back where we were in 1918. We are just going to make the same fatal mistake in regard to hospitalization that we made in the last war. I was chairman of the hospital commission for the city of Toronto with Doctor Hastings and Mr. Thomas Bradshaw in the last war and for three years after. The city had been most generous to the government in giving it public buildings free in the last war because we were anxious to help, so that at the close of the war the troops would have proper hospitalization, adequate housing and proper treatment.

I should like to take five minutes to refer to the mistakes that were made as regards hospitalization at that time. In the last war we had a survey made of the hospitals in the city of Toronto. We had the old Base hospital on Gerrard street, located there when the Old Trinity and university of Toronto medical faculties were separate. Then the large, new Toronto General hospital was built, and these two faculties had been amalgamated for some years. The city joined with the Toronto General and the university in the new hospital. The result was a new General. The city paid about a million, the cost of the site near the great university of Toronto which has done so much for medicine. The result was a new hospital. I was on the board for seventeen years and on the executive committee with Sir Joseph Flavelle and the late Mr. Larkin. I was acting for the city of Toronto. The hospital was opened by Sir James Whitney about a month or two before the 1914 war. It was built then for to-morrow, and the city was generous and for years carried the deficits.

The war came and we found we had no proper hospital accommodation for the soldiers in the epidemic of 1917. I had a run-in with the government of that day, of which I was a great supporter. The late Doctor Hastings and myself and Mr. Thomas Bradshaw, who composed the hospital commission, were told that we were meddling in federal affairs. We were not. All we wanted was hospital accommodation for our soldiers and housing accommodation for themselves and their families when they returned from the war. I do not blame the Minister of Pensions and National Health altogether, except for not seeking new sites now. He is a Scotsman and I am an Irishman, and we do not often have so great a difference of opinion. I also appreciate what his doctors, both past and present, have done, and his nurses and whole staff for years at small salaries.

During the flu epidemic in the last war I forced an investigation into the disgraceful hospital conditions for soldiers in the city of Toronto. I saw at Niagara camp, boys of sixteen, seventeen, eighteen and nineteen years of age down with pneumonia, and where were they? They were lying in camp at Fort George in tents, with only a bit of canvas underneath them to protect them from the ground. I talked to General Logie and to Ottawa about it. He was then the officer commanding that military district. It was not his fault at all. I asked him, "Who is to blame for this lack of hospitals for soldiers?" The old Base hospital on Gerrard street had been closed up. It was not fit for civilians, and yet they wanted to open it up to accommodate soldiers. General Logie said in reply to my question at the inquest that a mysterious person at Ottawa was to blame. I asked who he was, but he could not tell me. I said to him, "If you had pneumonia, would you want to go and lie down at the back of your lot in a tent, with nothing underneath you but a canvas?" and he said "yes". I said, "No; you would go to the Toronto General hospital."

The result of lack of proper accommodation all over Canada for soldiers was that public opinion forced the government of the day to establish a hospital service across Canada at a cost of $35 millions, I believe, in connection with the municipalities, because when all is said and done in civilian hospital work, it is the municipalities that are putting up most of the money and paying a per diem allowance in support of the civilian hospitals, used by soldiers also. The per diem was fifty cents, but under Doctor Hastings it went as high as $1.75 to $2.25 for per diem patients.

The hospital situation now, even in all Canada, is a very serious one. I said that when the war started. I know that mistakes have been made; I have seen them. We have no modern plan of hospitalization. Some wanted to rebuild the old Base hospital on the old site, but we would not allow that, and it was torn down. What is true of civilian hospitals is more true of military hospitals. You can save a great deal of money by capital expenditure on the proper site and buildings, and later effect great economies in operation. We started out to look for new hospital sites after the above experience. I went out on the Lake Shore road with federal officials to look at a hospital site where the new Goodyear plant was about to be built. The roads were not as good then, and the

doctors, who were only part-time doctors, would not go out that far, so that we had to look for a new site. We went up to the district for which I have sat in three parliaments, in 1921, in 1925, and in 1926, and looked at the site of the present Christie Street hospital, the National Cash Register's new plant. It was opposed by the fire chief and other municipal officials who came out and looked at the site. The city at that time had absolute control over the property, residential districts and others, and hospitalization, and the law of the province did not allow them to ride rough-shod over the municipality in this connection, but Ottawa decided to get this National Cash Register place for a start, temporarily. It was opened about March 1, 1918, in the darkest hour of the war. There were votes for hospitals for soldiers all over Canada when parliament met for the next session, 1918-19. In every military district they were then at least waking up all over Canada to the requirements with regard to the returning troops. I opposed even then the use of this property. I did not think it was right to establish a hospital there. I supported the idea that a property be acquired, the old St. Andrews college, in the district of North Rosedale, near where I lived for eighteen years. The local residents did not want it, but I was glad it was secured. The quarters which were obtained on Christie street were to be occupied only temporarily. I remember the discussions of the subject at the meetings of the city council. I have a report of the medical officer of health, Doctor Hastings, who gave the government and the soldiers the most wonderful support, during and after the last war, of anyone I ever knew.

Well, what have you done? You have made ten changes in and additions to this property at a cost of $344,000. Great sums amounting to $444,000 all told, have been spent in converting the National Cash Register property, though neither the walls nor any other part of the building were suitable for a hospital. Other points were considered, including the exhibition grounds. In 1914 the new Toronto General was opened. If you had not had that hospital at the close of the last war, I do not know where some of the patients could have been taken for operations or special cases. Afterwards it was all done at Christie Street expanded. I say this while recognizing how splendid a staff Christie Street hospital had and has, and the grand work done there by all the staff and the civilian volunteer workers so long and cheerfully.

The present minister has done a lot of good work, and I am very much surprised at him as a Scotsman allowing the use of a building like this as a convalescent home. I have been there several times. The building should never have been used as a hospital, and I am sorry we were not successful in defeating the various expansions which were approved by three parliaments, instead of new and other plants. I consulted the city officials on the matter, and I was very sorry that we ever allowed the key to be turned in the door for hospital purposes, but there was no option. I have seen the shell-shocked troops. I went last winter to visit a young patient whose father is a prominent citizen of the maritime provinces. For several years he was a member of this house and was on the committee which deals with war pensions and similar subjects. He sat as one of the more important supporters of the Liberal government. One of his children, a fine young soldier, was being treated there as a shell-shock case, and I was very much surprised at the condition of affairs in the ward, because the site was not fit for such cases.

The whole situation is, however, becoming intolerable, and a new plant is now required. I say that although I have nothing but admiration for the officials of the Department of Pensions and National Health, and for the doctors, nurses and committees that have dealt with this subject, because they know more than I do about it. But speaking as a layman who was on the hospital board for seventeen years and saw a great deal of the work done during epidemics of all kinds, when we had not quite enough hospital accommodation to look after the civilian population, I am much concerned at the condition of affairs and the industrial development which exists in the Christie street area to-day. The whole district is a factory area. I remember the great separation of the Canadian Pacific from Yonge street right across to the junction in northwest Toronto. With the coming of the new right-of-way of this railway came factories, mills and other industrial plants. You ought to see the smoke and the dust and the dirt.

I am sorry to have to differ with the minister, but I am even more sorry at the mistake which has been made. Toronto has expanded its hospital accommodation at vast expense. The new Toronto East General hospital was opened and expanded, also Grace hospital, and in Toronto East it was intended that there should be a sufficient tract of land to provide a park. Then we have the splendid Western hospital on Bathurst street, which has been a big expansion. The university of Toronto is close to the new General property, and it is a revelation what has been done there in the

past few years as a school of clinics for the university and the wonderful Sick Children's hospital of the *Telegram*.

I repeat that the site of Christie Street hospital is not and never has been suitable. The city authorities, I believe, are against this new expansion. All the business men I know of who have been connected with the various hospitals and have done so much for them are against it. I hope that the government will give the subject further consideration, because unless they get busy with more plants we shall have a serious situation after the war. I have talked to many officials of the city, and I believe that the city of Toronto or some private organizations would donate a site if the government would undertake to construct elsewhere a decent building. A plant with only 343 new beds will be of no good at all. To-day you cannot get into any hospital, public or private, in Toronto. You ought to see how crowded they are; some semi-private wards and public ones have twice the number they were intended to accommodate.

I am ashamed at what I have seen at times in the way of accommodation at Christie Street hospital. You have a fine staff of doctors and nurses. If the obstacle is a question of money I would say to the minister, never mind the money. These men who went to the front and faced danger and death night and day should not have their welfare and restoration to health dependent upon a matter of money. You have spent $29,000,000 on a station in Montreal, a building devised for material ends only, which is being opened to-day, and yet you will not give proper accommodation to the troops who have served you so well in this war.

No municipality could get plans passed by the province for such an extension as this. I would not call it a convalescent home at all. I was at the Christmas dinner last year and saw the way it was crowded, away in a building at the rear in the smoke and noise and dirt.

Again I plead with the minister to reconsider his decision. You have to abandon that whole plant before long; you might just as well scrap the whole of it, the way we did with the old Toronto General hospital, and erect a good modern building. We cannot do without it. The new Toronto General has been built for to-morrow. The result is that it is recognized as one of the finest institutions of its kind on the continent. Although I should like to support the minister, I cannot do it this time. I feel very sorry when I see the parents, the wives and the little children of the patients going in there. It has not the proper accommodation, and Christie street is no place for a hospital. You will soon have to abandon it and supply up-to-date accommodation. It is demanded by the progress of the science of preventive medicine, surgery and modern medicine; it will be demanded after the war with the numbers of shell-shocked air force and other casualties which will result from the war. I speak seriously, as one who has had a great deal of experience in this work. I have talked to eminent authorities and to members of the medical faculties of various universities, and they are astonished that we as a parliament sit here and take such action as this. It is a wrong step; it is a leap in the dark, and the money will be wasted—$500,000 thrown away on a place which should be scrapped as quickly as possible for a new site.

The minister has always been on friendly terms with the municipal authorities, and I believe that he could procure another site, which Toronto, I am sure, would provide, and the building now in use could be diverted to other necessary hospital purposes. I have suggested a location twelve miles out along the waterfront, or away up in the Don valley in North York, where the city has a lot of park land, near where the hon. member for Parkdale used to live in Bayview; it would make a fine site. If it is out a little farther, it would not make much difference because you have good roads. Toronto owns the street railway, the harbour property, the radials, the buses and a great many things. I know of no city which has given the last government and this government more splendid cooperation and support than all past and present city councils and public officials of Toronto. If there is urgency to have some immediate buildings, go ahead and build your temporary quarters for other hospital purposes, but provide a new site for these patients, for a convalescent home. I have seen some of the air force men who have come home, and some are suffering in a terrible way in this new war.

I did not wish to speak in this debate, but I felt it my duty to say to the minister that he is making a great mistake.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. J. P. HOWDEN (St. Boniface): I find myself lining up behind the last several speakers with regard to the hospital policy of the government. My attitude is not so much one of criticism as one of discussion. Certainly

it is unwise for one to discuss matters of which one has but unfamiliar knowledge; still reports have come to us in the newspapers with regard to Christie Street hospital, and I am inclined to feel that factories and coalyards are not good bedfellows for hospitals. The factory of my early memory was, of course, the factory of the smokestack, and that would be out of the question in the neighbourhood of hospitals. I presume, however, that the factories abutting Christie Street hospital are operated by the ordinary hydro-electric power and for that reason are less offensive.

It is not, however, so much to discuss the hospital matter that I rise. One of the remarks of the hon. member for Parkdale referred to the establishment by the government of convalescent homes for some of the old pensioners. I regard that as an excellent suggestion. I am very well acquainted; I have a most friendly acquaintance, with a number of medical men in the city of Winnipeg who are on the staff of the Deer Lodge hospital which is some five miles from the city of Winnipeg. We often discuss these matters in the anteroom of the hospital, and some of these gentlemen have said to me that it is just pitiable to think of turning out some of these old war veterans who have nothing to depend upon but the war veterans' allowance. They are not sick enough to take up hospital room any longer, and on the other hand they have nowhere to go. When they are told by the doctor that it is time for them to leave, the frequent remark is, "Where can I go, doctor; where can I live on $20 a month?" They are not strong enough or well enough to look after themselves, but they are too well to take up hospital room.

There is a dearth of hospital beds all over the country. In Winnipeg we have five or six first-class A1 hospitals, and so far as the mental ward is concerned there is a waiting list of about fifty, so that it takes several days to get a room in any one of our general hospitals. There is a great shortage of beds in Winnipeg and I presume that is true everywhere.

Mr. FRASER (Peterborough West): All over Canada.

Mr. HOWDEN: All over Canada, if you like. We have a hospital problem in Winnipeg. Deer Lodge, as I have said, is five miles from the centre of our city. The Department of Pensions and National Health built a hospital there. As a matter of fact, it was the old Deer Lodge hotel originally, a recreation place. It has been overcrowded for years, and the contemplation now is, I believe, to extend it at considerable expense. That will require additional staff, and goodness knows there is a shortage of medical staff, techincal staff and nursing staff everywhere. All hospitals are short of nurses. All districts are now beginning to be short of doctors, and the addition of this large wing to the Deer Lodge hospital will require maintenance in the form of nurses, technicians and medical men. I do not know where they will be found. I know that in the instance of Deer Lodge hospital, as in that of Christie Street hospital in Toronto and the hospital at Victoria, it is the wish of the local people, those who live at the site in question, that these hospitals should be erected in connection with the institutions at present carrying on.

I believe the feeling in Winnipeg is that the extension to the Deer Lodge hospital should be erected at the General hospital in Winnipeg, because the General hospital there is, after all, the largest institution we have. It is the centre of medical learning and treatment for that part of Canada. The feeling is that after this war is over, there will not be any need, twenty-five or thirty years hence, for a military hospital, and then the room will be occupied by patients from Winnipeg. The same feeling prevails, I believe, with regard to Victoria. They are short of hospital room and badly in need of hospital equipment of all kinds, and it is felt that if the extension that is being put up out there, and those already put up, had been combined with the hospitals in Victoria it would have been a very much better piece of business. That is as it may be, but it does seem a pity that these men, veterans of this war and of the last war, who are occupying and will occupy Christie Street hospital, should be left in crowded surroundings of that kind. Any moneys that are to be spent and must be spent could readily, and to much better avail, be spent in a location affording more desirable surroundings.

The hon. member for Fort William this afternoon mentioned Doctor Davidson of the city of Winnipeg and his cancer cure, this cancer cure of Doctor Davidson is not a joke. If the late Doctor Banting and Doctor Best produced at least a partial cure for diabetes, certainly Doctor Davidson has formulated a form of treatment which stays and does clear up cancer. I do not know that I should be giving the committee a lecture in clinical medicine, but at all events, since many have expressed curiosity with regard to this matter, I might say that Doctor Davidson has been experimenting with mice for the last thirty years. For some singular reason, mice, rats, rabbits and guineapigs, the family of rodents, are most like human beings in their reactions to

disease and therapeutic measures, and for the last thirty years Doctor Davidson has been experimenting with whole families of mice. He has produced hundreds of families of cancerous mice and hundreds of families of non-cancerous mice. He has fed certain mice with cancer-producing foods and has produced cancerous mice, and he has fed other mice with non-cancerous food and obtained cancer-resisting mice to such an extent that when a new cancerous growth was implanted in the cancer-resisting mice it failed to take hold, and after a time he treated cancerous mice with the blood serum of non-cancerous mice and the cancerous mice cleared up. They overcame their cancerous new growth and recovered.

That hypothesis has simply been carried into effect, and at the present time there are fifteen or twenty cases on record, positively on record, as presented to the medical society. This is not a dream but something that has been presented from time to time to medical associations throughout western Canada and even as far as Rochester in the United States. The mice have definitely cleared up with injections from the system of cancer-resisting families of mice and from non-cancer producing forms of diet.

Doctor Banting and Doctor Best were given assistance by the federal government and by other bodies in public control, but Doctor Davidson has worked for thirty years on his own premises. He has been a prominent doctor in the city of Winnipeg; he has been a prominent internist; he has given much of his time to the hospitals and is a well-known public figure; yet in his spare time and at his own expense he has carried on this personal research, and he has obtained results. I would not have thought of bringing this matter before the committee, but it was mentioned this afternoon by the hon. member for Fort William who referred to me as probably being in possession of some of the facts, and that is so.

Mr. GRAYDON: If I may ask the hon. member a question for the sake of information, did I understand him to say there were certain types of diet which induced cancerous growth?

Mr. HOWDEN: Quite; that was the basis of his investigation. He found that by feeding certain families of mice on certain diets, they became cancerous, and for generation after generation produced cancerous mice. Then he found that by feeding other families of mice on other diets, they became cancer-resistant, and produced cancer-resistant offspring generation after generation. Then he used the blood of the cancer-resistant mice to cure the cancerous mice, and from that he used it on cancerous human beings. That is the whole story.

Mr. McIVOR: Will anything be done in regard to this matter? I do not wish to press the minister too hard, but the people who have been cured are most anxious that all the scientific research which has been carried on by Doctor Davidson shall not be lost.

Mr. MACKENZIE (Vancouver Centre): There is a committee functioning now in conjunction with the national research council which investigates cases of this kind, and I am sure it is important that this be done in connection with this matter. Certainly I shall bring this discussion to the attention of that committee.

Mr. GRAYDON: Has this work by Doctor Davidson been under consideration by the national research council?

Mr. MACKENZIE (Vancouver Centre): Not to my knowledge.

Mr. J. A. MARSHALL (Camrose): I think we were all very glad to hear the statement made by the hon. member for St. Boniface; the members of the medical profession can make valuable contributions to the debates of this house.

I wish to join with other hon. members who have expressed the desire that everything humanly possible should be done to bring economic security with freedom, medical treatment and other amenities to the men and women in our fighting services who are doing such a wonderful job at the present time. It is encouraging to hear members of all political parties say that financial considerations should not be allowed to block the work now being done by the Minister of Pensions and National Health. For many years we in this group have been saying that what is physically possible can be made financially possible, and I believe that idea is concurred in by the minister.

As I listened to certain members of the Progressive Conservative party describe the conditions which exist in Christie Street hospital in the city of Toronto, I wondered if they had not made a mistake in the name and location of the institution. I thought they were confusing Christie Street hospital in Toronto with the Colonel Belcher hospital in the city of Calgary; for many of the things that have been said about this hospital in Toronto could be said with equal truth about the Belcher hospital in Calgary. On former occasions I have drawn to the attention of the government the situation prevailing in the Colonel Belcher hospital and have urged that improvements be made; in fact I have urged the government

to find a more suitable location than this for a hospital. I have not been to the Colonel Belcher hospital for two or three years, and as a result the information dealing with that period has come to me at second hand. For about ten years following 1920 I visited the Colonel Belcher hospital about twice a year. I realize that much has been done to improve conditions there since that time, but still they are not what they ought to be.

Mr. MACKENZIE (Vancouver Centre): Has my hon. friend seen the new hospital at Calgary?

Mr. MARSHALL: No; I have not seen the new hospital; I am talking about the Colonel Belcher hospital, which is still in use.

Mr. MACKENZIE (Vancouver Centre): That is correct, but I believe the new one will be finished in September.

Mr. MARSHALL: I realize that, but I just want to bring to the attention of members of this committee the conditions which exist in the Colonel Belcher hospital. Some years ago I wrote the secretary of the Calgary branch of the Canadian Legion asking if he would be good enough to tell me whether any action had been taken by the legion with respect to this hospital. In reply he stated that this question had been the subject of many resolutions which had been adopted by the Alberta command and endorsed by various dominion conventions. Here is the resolution which was passed by the Alberta command for a number of years, and endorsed by several dominion conventions:

> Whereas the Belcher hospital is entirely and completely unsuitable for the purpose for which it is now utilized, our opinion being formed on the following grounds:
>
> (1) That only one of the three buildings used as a hospital is fireproof.
>
> (2) That incessant noise from street traffic annoys the inmates and retards the progress of the patients.
>
> (3) That the proximity of the Canadian Pacific railway adds not only noise but smoke and dirt to the institution.

I should like hon. gentlemen to notice how closely conditions in the Belcher hospital parallel those said to exist in the Christie Street hospital.

> (4) For its absolute lack of facilities for light exercise in the open air.
>
> (5) That it contains no suitable facilities for psychopathic or neurotic patients, and owing to this lack many mild psychiatric cases are compelled to go to Oliver or Ponoka for treatment where they are obliged to mingle with practically incurable insane patients.
>
> Whereas the Belcher hospital is totally unsuitable for a soldiers' hospital as at present used on the grounds outlined above;
>
> And whereas the annual rental of $25,000 per year now being paid is of such an amount that, with what has been paid and what will be paid in the future, a real soldiers' hospital could be erected;
>
> And whereas the need for a soldiers' hospital is certain to become more acute for the next twenty-five years rather than to diminish;
>
> Now therefore be it resolved that the Canadian Legion, Alberta command, humbly petition the cabinet of this country to give urgent and immediate consideration to the erection of a modern soldiers' hospital with suitable and adequate ground accommodation in order that these men, who fought and suffered, and who are still suffering, for their country, may receive that care and attention which we respectfully believe to be the wish of the people of this dominion.

Mr. MACKENZIE (Vancouver Centre): What is the date of that letter?

Mr. MARSHALL: That resolution was sent to me in 1937, but the same conditions exist to-day as existed in that day. No change has taken place, as I shall proceed to show.

What is the principal objection? It is that this hospital is built on one of the main thoroughfares, perhaps I should say the main thoroughfare in Calgary. At the back of the hospital are the tracks of the Canadian Pacific railway. In his letter the secretary of the Canadian Legion states:

> The principal objections to the present hospital have been that there are streetcar tracks in front of the hospital and railway tracks at the rear, and it would seem impossible to obtain the quiet that is required by men who are sick.

When the former Minister of Pensions and National Health, the present Minister of National Defence for Air (Mr. Power) was in Vancouver a number of years ago, addressing a convention in that city, this question was brought to his attention. It was intimated to the delegation that waited on the minister that if the Colonel Belcher hospital were closed, then the Edmonton university hospital would be the only one in Alberta in which soldiers could be treated. Because of this attitude on the part of the minister the delegation did not press the point farther.

In 1919, the Great War Veterans' Association, which is now known as the Canadian Legion, objected to the building which had been erected by the dominion government. Because of the violent objection raised by the Great War Veterans' Association the then Conservative government moved the hospital to the building next door. It is rather strange to hear members of the Conservative party criticizing severely the Liberal party for carrying on a hospital under conditions and circumstances similar in many respects to those which prevailed in this one. This building was an old warehouse, before it was taken over for

hospital purposes. While no criticism is being levelled in respect of the care of the patients, the food or the service, yet it appears it would be more satisfactory if a new site were obtained, and if the hospital were closed down. There are no grounds where convalescents may take an airing; there are no verandahs; and the noise is practically continuous throughout the whole of the twenty-four hours.

Down the years I have talked to many returned men in Alberta, and they are unanimous, without a dissenting voice, in condemning this building. It fronts the main thoroughfare of the city. At its back are the lines of the Canadian Pacific railway. If a patient wishes to take a walk he immediately steps out on a main thoroughfare. Surely that is not right. It has been pointed out that the rental of this building over the years, at $25,000 a year—as a matter of fact it is in excess of that—would have built a modern hospital. I say the minister owes it to the committee to give a full and complete explanation of the situation and what he proposes to do with respect to it in the near future.

Mr. W. R. MACDONALD (Brantford City): With much that has been said with respect to the unsuitability of Christie Street hospital as a building to be used for hospital purposes, I am in accord. Like the hon. member for Hastings-Peterborough (Mr. White), I, too, can speak from actual experience. I was an out-patient at the hospital, and attended there for treatment for some time after the last war. Since then I have frequently visited soldiers who are patients in the hospital. It was taken over during the last war by the government of that day as an emergency hospital. It was built originally as a factory; it was a factory when it was taken over and, in structure, it is still a factory. It is about as suitable for hospital purposes as a modern hospital would be for factory purposes.

I believe an article in a recent number of *News*, written by Judith Robinson, describes the hospital very well.

Mr. HANSON (York-Sunbury): The hon. member had better be careful about his literature. The Minister of Munitions and Supply told me he was very careful about reading that sort of thing.

Mr. MACDONALD (Brantford City): I read all types of literature, and cull the good from the literature I read. I believe the article describes the hospital very well. This is what it says:

> Christie Street hospital stands on a factory site, in a factory district. It is built 75 feet from the right of way of a through freight line, beside a number of switches and sidings. Its wards are overlooked on two sides by a factory and a warehouse and, on the third, overlook a steel yard. They are not fireproof construction. The district is noisy and dirty. The hospital's only grounds are small and without outlook, surrounded by its own buildings. There are 700 patients in Christie Street now.

Mr. HANSON (York-Sunbury): That ought to condemn it.

Mr. MACDONALD (Brantford City): I thought the noise feature was somewhat overemphasized in the discussion which has taken place thus far. Many hon. members are familiar with the General hospital at Toronto, which faces College street, one of the busiest streets in that city. Street cars are passing almost continually, and in normal times the automobile traffic is steady. On one side is University avenue, and I would suppose that more automobiles travel along University avenue than along any other two streets in that city. The noise there is considerable. In referring to Christie Street hospital the hon. member for Parkdale said that the noise from the engines prevented the doctors from using their stethoscopes. I think the same would apply to the Toronto General hospital. In that case there would not be noise from engines, but there would be noise from automobiles honking and from the street cars going by. I think the hon. member for Parkdale overexaggerated his description of the hospital; in fact I think his whole address was one of overstatement. His attack upon the minister was absolutely uncalled for. I was amazed that a man of his eminence should stoop to personalities in a debate as serious as this one.

Mr. ROSS (St. Paul's): On a point of order, I do not think the hon. member for Parkdale went into personalities at all.

Mr. MACDONALD (Brantford City): That is my hon. friend's opinion, but if he will read the address of the hon. member for Parkdale, he will see that the hon. member said some things which were pretty close to being personalities.

Mr. GRAYDON: This looks like an exchange of opinions.

Mr. MACDONALD (Brantford City): This may be an exchange of opinions, but I am not indulging in personalities. This is a serious debate and, that being so, we should not stoop to personalities. The minister should take great satisfaction from the fact that every hon. member who has spoken, irrespective of party, has used the highest terms in referring to the work he has done. To that I would add the voice of the returned soldier. I should like to refer to the *Legionary* of May, 1943, which had the following editorial:

. . . we know the minister of pensions to be a man who is sincerely interested in the welfare of his old comrades-in-arms and on many occasions has championed their rightful claims before the treasury board with his well-known forceful eloquence.

What is said there with respect to his old comrades-in-arms can also be said about those who are fighting this war.

Let me refer again to Christie Street hospital. It is proposed to expend $500,000 on this hospital. If it were possible I should like to see this amount spent somewhere else. I should like to see a hospital built in spacious grounds in a better part of Toronto, but we must remember that there are men who will be returned in the near future and who must be looked after. There is not time to build a new hospital.

Mr. QUELCH: You could do both.

Mr. MACDONALD (Brantford City): "You could do both," my hon. friend says, and I agree with him. But we must have a place prepared for these men when they return wounded and shell shocked from this war. It would be absolutely impossible to put up a new hospital to look after them. Although this hospital may not be in a location suitable for hospital purposes, under the circumstances it is the best we have and we must be prepared for these men. I would say that this should be done as an emergency measure, but we should look to the future and plans should be made now to build a new hospital in a suitable place, not only to look after the wounded and shell shocked but also to look after those men who will recover slowly from their wounds after they have returned with victory.

This afternoon the hon. member for Souris (Mr. Ross) referred in complimentary terms to the work the minister is doing, but he said that some of the men in the department—I have not his exact words, but they were to this effect—were not entirely sympathetic to the returned man.

Mr. ROSS (Souris): I think my hon. friend is mixing the member for Souris with the hon. member for Melfort (Mr. Wright). I did not make any reference to departmental officials.

Mr. MACDONALD (Brantford City): I apologize to the hon. member for Souris; I am glad it was not he. But whoever did make that statement I can only say that his experience has been different from mine. Colonel W. S. Woods, who administers the War Veterans' Allowance Act, has been absolutely sympathetic to the returned men. I have found complete sympathy on the part of the men who administer the pensions, although I have not always agreed with their decisions. There are a number of cases from my own city where I am not in accord with the decisions rendered, but I have found the chairman of the pension committee most sympathetic. He has tried to administer the act with a sympathetic eye on the returned soldier. Let me quote the opinion of the returned man with respect to the chairman of the pension committee. I should like to quote from the *Fragment*, the official organ of the war amputations of Canada, which states:

The kindly personality of our distinguished comrade—General McDonald—is known to members of the association from coast to coast. The contribution he has made over the last six years and more as chairman of the Canadian pension commission has earned the lasting gratitude of all pensioners and their dependents —indeed of all Canada.

That is the opinion of those who served with General McDonald in the last war, as I think it will be of the men who will soon be returning from this war. The view has been expressed by practically every one in this house that we cannot do too much for the returned man. Does anyone think the returned man can be paid for the suffering and trials he has undergone? Money can never repay him, but we can try to be fair; we can try to restore him to the same, if not to a better position than that which he had prior to enlisting.

What has been done thus far? The government—by the "government" I include parliament; I include all parties in parliament —has done a few things which I should like to mention. The post-discharge reestablishment order was issued which provides that every man who returns from overseas will be given an opportunity to learn a trade, and while learning that trade he will receive certain allowances. Every man will be given an opportunity to complete his education. If he has not started upon higher education and is able to prepare himself within a reasonable time, his tuition will be paid and he will be given a living allowance while he is completing his education. Maintenance grants will be paid to men who start up in business but who are not able to support themselves during the initial period. The same provision is also being made for men who return to farms.

Maintenance grants will be paid to men who are temporarily out of employment, men who are able to work but who cannot find employment. There will be maintenance grants for those who are totally incapacitated for work. These will be paid while their injuries are being repaired, as it were, while their health is being restored. The man who served overseas and comes back and takes employment will be in exactly the same posi-

tion in so far as unemployment insurance is concerned as though he had been working in Canada all the time. These are only a few of the things which we as a parliament have been doing to prepare a place for these men when they come back from the war. Some may say that is not enough; we all may say that that is not enough, but I would point out that in many respects it is more than has been done by our sister dominions in the British commonwealth. In many respects out-of-work benefits are larger, in the amounts paid out in Canada than in Australia and New Zealand. I have a table here which I think hon. members would like to have put on the record. It sets out the out-of-work benefits in the three countries I have mentioned, the benefits for a single man, for man and wife, for man, wife and one child, and so forth, and with the unanimous consent of the committee I should like to place this on the record.

Mr. STIRLING: Would the hon. member say where the table emanates from?

Mr. MACDONALD (Brantford City): The table was given to the committee on reconstruction and reestablishment on June 10 of this year.

Mr. FRASER (Peterborough West): And appears in the proceedings of the committee.

Mr. MACDONALD (Brantford City): Yes.

Mr. STIRLING: By whom was it presented?

Mr. MACDONALD (Brantford City): By the associate deputy minister of pensions and national health. If hon. members would like to have it on the record of this committee, with unanimous consent I will place it on the record. It is as follows:

OUT OF WORK BENEFITS

	Single	Man and wife	Man, wife and 1	Man, wife and 2	Man, wife and 3	Man, wife and 4	Man, wife and 5	Man, wife and 6	Total benefits single	Total man, wife and 6	Max. period protection (weeks)
Australia	$ 8 95	$12 89	$14 50	$16 11	$17 72	$19 33	$20 94	$22 55	$116 35	$293 15	13
New Zealand	12 57	16 16	17 23	18 31	19 39	20 46	21 54	21 54	163 41	280 02	13
Canada	10 20	14 40	17 17	19 94	22 25	24 09	25 94	27 78	531 40	1,444 56	52

(Computed at present rates of exchange)

Hon. R. B. HANSON (York-Sunbury): I do not rise to take part in this debate, but I do want to ask a question of the minister on a matter of policy. In Canada we have the Department of Pensions and National Health establishing and maintaining hospitals at various centres throughout the country. Then we have the Department of National Defence erecting and maintaining a great many hospitals throughout the country, most of them of a temporary nature. We have the Department for Naval Services erecting and maintaining hospitals, and the Department for Air erecting and maintaining hospitals. Here we have four government departments doing hospital work, and so far as I have been able to observe there is no concerted plan of action between them. There must of necessity be a good deal of overlapping of services between them, and my question to the minister is this: What consideration has the government given to what is largely a duplication of services in connection with the three armed forces, and may I add the permanent service also, of which the minister is the head, and which I think is doing pretty good work. I am not going to flatter the minister, but I should like to say a good word for some of his officials. I wish to say this, that the department is so very different now from what it was twenty-one years ago that it is most refreshing. I recall that in the earlier days the pension department was in an evolutionary stage; the law on pensions had not become so stabilized as it is to-day, and the problems confronting the department were perhaps more difficult of solution than they are now.

What I want to know is, what consideration has been given by the government toward the question of hospitalization all over the country with a view—this is the thought that is in my mind—to saving a very large sum of money by removing the duplication and trebling and quadrupling, we might say, of hospitalization services? This problem of hospitalization is going to be with us for a long time. I have no doubt that eventually, when the war is over, one hospital after another will be closed up, and finally the department will take over all these hospitals. I recall that during the last war, when Christie Street hospital was set up, another hospital was set up at Ste. Annes. Nobody ever contemplated, I think, that it would be a permanent hospital going on for as long as it has, or a better type of building would have been put

up, and it would have been put in a different location. It is near the main line of two great railways and must of necessity be a noisy place. Whoever was responsible for setting up a hospital for mental cases within close proximity of two great lines of railway did not have much idea of the proper location for a hospital for people suffering from that ailment. I have often wondered at that; but there it is.

I think I have got my idea over to the minister sufficiently. What consideration has been given to the question, and what effect has been given to that consideration? To the onlooker, and I can qualify only as that, there does not seem to be any coordination at all of these hospitalization services. The Department of National Defence built a hospital in my city. The site was donated by well disposed people—I am not going any further than that —but the hospital is not now big enough for the number of troops in the locality. I understand that the ratio of hospital accommodation to the number of troops has to be over five per cent. They are building a new hospital in that city, and it is a structure of a most temporary nature. There is no foundation under it; it is built on posts but I assume it can be made warm by the usual methods of banking and that sort of thing, and it will be heated, of course, from one central heating plant. But it is essentially a temporary structure. I do not think the Department of National Defence would contend otherwise. The whole point is, why is there not a long view taken of this question of hospitalization? So far as the long-term cases are concerned, it seems to me they ought to be under one department.

Then there is this extraordinary situation. Every one of these hospitals has to have its own medical staff and its quota of nurses. The country is denuded of nurses because there are so many of them in these military hospitals. In one place at least that I know of these girls do not have enough to do to keep themselves warm at times; there are too many nurses there. I am speaking of the little hospital at Fredericton.

Mr. MACKENZIE (Vancouver Centre): Not under this department.

Mr. HANSON (York-Sunbury): I quite agree that it is under the national defence department. That hospital has seventy beds, ten nurses and twenty orderlies. It seems to me to be overstaffed. All the important surgical cases are taken to the Victoria public hospital.

I think I have elaborated sufficiently to let the minister know what is in my mind. I am not quarrelling with anybody or laying any charges of extravagance. But it seems to me that each one of these defence departments wants to run its own show irrespective of the others, and I consider that there is a good deal of duplication, which means waste, too.

Mr. MACKENZIE (Vancouver Centre): I think my hon. friend has contributed a pertinent and important suggestion to the debate. I would say that until two years ago what he has said was very largely true. The hon. member for Danforth sat on one of the committees which went carefully into the question of hospitalization in Canada and made certain recommendations. I myself remember writing a strong letter pointing out exactly what the hon. member for York-Sunbury has just now said. But it was largely inevitable with the development of new services. There was a lot of ambition there, and there was duplication in the early stages of the war. That is exactly why this interdepartmental committee on hospitalization was formed. That is their exact function. Their duty is to prevent duplication and, in consultation with our department, to develop a long-range policy so that we shall be able, when the war is over, to take over some of their buildings, of which they are to-day lending the staff to us in many cases, and thereby assisting this department which here and there is short of staff. So that I think, both in regard to personnel and in regard to property, there is now a pronounced improvement, and in my opinion it is a long-range policy, so much so that none of the ministers individually has the power now to develop a policy for his own department without the recommendation of this unifying and coordinating committee.

Mr. HANSON (York-Sunbury): Which is all to the good.

Mr. MACKENZIE (Vancouver Centre): I think it is all to the good.

The CHAIRMAN: May I say that I have had a long day, and I should like hon. members to take note when I call them to order.

Mr. RALPH MAYBANK (Winnipeg South Centre): In the debate under this item we have had some discussion on Shaughnessy and a great deal on Christie Street, and Deer Lodge hospital, located at Winnipeg, has been mentioned. It so happens that Deer Lodge hospital is in the constituency which I have the honour to represent, and it is an institution in which I have always taken a great deal of interest.

As I heard the discussion to-night touching upon Christie Street hospital, an old factory with pipes sticking out all over in places where they should not be, having in general an appearance to the patient within that would tend to be depressing rather than helpful—that is, at any rate, according to what was said here

this afternoon and this evening—I could not help comparing it with the very much better institution which we are fortunate enough to have at the western edge of Winnipeg. I have watched the development there over a number of years. Recently there have been some improvements, and I have been greatly pleased to see the care which has been taken in an endeavour to make a hospital which would actually have a therapeutic value for the individuals who are in it. The surroundings are not such as I have heard described relative to Christie Street hospital, and the place itself seems to be in every way better. So that I would commence by commending the department for the general development which has gone on there.

Before saying anything further with reference to that hospital on a matter which is a controversial one, I wish to record agreement with the hon. member for St. Boniface (Mr. Howden) in his remarks touching on a convalescent home. I believe that practically all countries agree that Canada has done an excellent job over the years in looking after its soldiers, and that Canadian pension laws are among the best, if not the best. But it really is very sad indeed to see the lot of some of these old veterans, discharged, as the hon. member for St. Boniface said, from Deer Lodge hospital or one of the other places, having the war veterans' allowance and no place to go, not thoroughly able to take care of themselves, and certainly not being able, with such a pittance, to have themselves taken care of. The department was always very good in granting domiciliary care to such persons during the difficult years before 1938, but I suppose that pressure upon the accommodation has sometimes prevented the department from doing everything which might be done for such men. I urge most strongly that the minister as soon as possible deal with the erection of a place which may be described as a convalescent home, with some sort of secondary hospital accommodation.

The hon. member for St. Boniface also mentioned that in my city there is a dispute as to whether Deer Lodge hospital should be further developed, as the department desires, or whether a wing should be added to the civilian hospital, Winnipeg General hospital. I believe that both newspapers of the city, in a reasonable and well-reasoned manner, have supported the idea of not adding to this military hospital but of adding to the civic hospital, so that eventually that hospital will benefit. I believe the hon. member for St. Boniface is right in saying that in all probability popular opinion in the city of Winnipeg would favour that idea.

I know it is always easier to agree than to dispute, and for my part it certainly would be easier to agree, because so many of my friends have the view that the department is wrong and that Deer Lodge hospital, should not be extended, but rather that extension should be made to the civic hospital, so that eventually the city would get the benefit. But members of parliament are not sent here as delegates. They must express their own views. Sometimes these will be truly representative of the district from which they come; sometimes, I suppose, they will not. At any rate, at whatever risk there may be, I must say that I think the decision of the department with regard to the building of the extension of this hospital in the way in which it is now being extended and the plans which are set down for it, is right and not wrong, and I think at this stage of development it would be wrong to try to build an extension to the Winnipeg General hospital instead of extending Deer Lodge.

Perhaps, if we could have had time at the commencement of the war to develop a policy whereby these military and pension department hospitals could have been fitted in with the general hospital scheme of the country, it would have been a good thing. At any rate that is the way it seems to me, looking at it in retrospect, and knowing it is very easy to be wise after the fact. But if we could only have foreseen the very great hospital development which would be necessary, probably we would have worked in our soldiers' hospitals with the civic hospitals throughout the country. But after we had a certain amount of development in the Department of Pensions and National Health, it was not feasible to place a section on the Winnipeg General hospital consisting of probably 200 beds and to send our men there from the army, the air force and the navy and probably some from the Department of Pensions and National Health itself.

In the first place I am reminded of this, that all of the returned men with whom I have ever spoken have objected strenuously to going into a civilian hospital. Now that is just their opinion, some person might say. Yes; it is just their opinion, it is true, but I do not know of anything that is more important in the hospitalization of troops than having the troops satisfied with the place to which they are sent, and I think the veterans, both of the last war and of this war, those men who are sick from time to time, in the army, the air force or the navy, and who have to be hospitalized, should have their opinion consulted and very great weight given to it.

That is the first reason why I think the department is right at the present time in extending the hospital rather than in building a wing to the civilian hospital. There are other reasons. If you put 200 men out of the forces in a civilian hospital you put them where their records are not, and I suggest that you have to have an administrative staff in the civilian hospital as soon as you put the patients there. If you put 200 beds in some civilian hospital and have the records of all the patients five, six or seven miles away, at the other hospital, immediately you run into all manner of problems and there will be a great deal of trouble.

I believe also that Deer Lodge having been already extended by the addition of one pavilion holding a considerable number of beds, 100 or 125, it was necessary already to put another clinical wing there, which was done, and one such step does call for another. If we could retrace our steps back to the beginning, we might make a decision in favour of establishing the military hospital as part of the civilian institution; but unfortunately after certain steps have been taken, I do not think that is any longer possible. Maybe we should have been wiser at the start, but I imagine that everyone will take his share of the blame for lack of foresight. I understand that the same problem exists in two or three other cities. Apparently it does in Victoria, and I have heard it mentioned as existing elsewhere.

Having said that much upon that one subject, I should like to direct the minister's attention to certain features of life at Deer Lodge hospital with respect to which it seems to me some correction is necessary. I know that in labour matters in the hospital the minister is not fully in control. That is to say, all matters of employment nowadays appear to be handled by one, two, three, four or five agencies. First of all, there is the minister himself; then the civil service commission; then the labour department through selective service, and finally on top of it all you have the treasury board, which gets damned here so frequently. In so far as this department can help the labour difficulties at Deer Lodge, I urge that this be done. Let me give an illustration of the sort of thing I mean. There are firemen in that hospital now doing much more work than originally they were engaged to do. There is no additional remuneration. They are firemen who are engaged, let us say, as the lowest grade type of firemen, and they find themselves pretty soon, as a result of the extension of the place, doing work that is usually called grade 3, or a higher grade of firemen. I use language in this manner only as illustrative of the problem. You have men in that hospital doing the work not of one man, not the work that one man ought to do, but two men's work, and there is no hope of relief at all. That makes for dissatisfaction. It is not good for the hospital.

There are men whose circumstances are different. I am thinking of one man in particular who was persuaded to leave a certain job on the understanding that he would get such-and-such a position in this hospital. That is a couple of years ago and he has not got it yet. Where lies the trouble? I do not believe it lies right with this department. I think that one of the superagencies has some way or another imposed a bar against this person getting what he should.

I mention these instances as illustrations of the type of thing I mean. I go to Deer Lodge hospital a great deal and I meet the people there. I suppose I know most of them by name. It is a large staff. If I do not know them all by name I know them to see them, and I must say I have found them throughout the years not a complaining class of people. But recently I have been hearing a good many such stories as the sort I have been speaking of to-night. I urge the minister to try to clear up all that kind of thing in this hospital. It may be the same somewhere else, in Christie Street, for example. I am sure the minister will agree with me that it is not the sort of thing in an institution that breeds and develops a good spirit, and if there is one place where a good spirit is needed it is in a hospital.

There are a number of other matters with reference to this hospital that could be touched upon, but I know there are many other problems besides this particular one, which is very dear to my own heart. I do not think I will extend my remarks further to discuss the other matters that might be brought forward, but I would urge upon the minister that special attention be given to these labour problems in Deer Lodge hospital, because it will redound to the credit of his department and result in better service being given to the men out of the forces already and those coming out of the forces, than whom certainly there are none who deserve better treatment.

Mr. D. K. HAZEN (St. John-Albert): I have before me order in council P.C. 1/5028 dated June 21, 1943. In this order in council, under the head "regulations", it is provided that the war veterans' allowance board may allow to the widow of a veteran compassionate allowance not exceeding $240 per annum except in such exceptional cases where the board may deem it proper to increase the amount to $300 "subject to the following conditions".

Then follow nine conditions which I do not propose to read. Section 2 of the regulations then reads:

For the purpose of these regulations "veteran" means veteran as described in subparagraphs (1) and (3) of paragraph (j) of section 2 of the War Veterans' Allowance Act.

I turn to the War Veterans' Allowance Act, which is chapter 48 of the statutes of Canada, 1930, as amended by chapter 48 of the statutes of 1936 and by chapter 16 of the statutes of 1938. Examining paragraph 2(j), subparagraphs (i) and (iii), I find that this compassionate allowance is limited to the widows of soldiers who served in the last great war, namely, the war of 1914-18.

I wish to ask the minister why that should be the case. In my opinion there is no principle upon which it can be confined to the widows of soldiers who served in that war. The widows of those who served in the Boer war should be entitled to similar treatment, for they must be even more in need of this compassionate allowance than the widows of soldiers who served in the last war, since they are older and, as a result, in most cases less able to provide for themselves. The definition of a veteran in the War Veterans' Allowance Act includes any former member of the Canadian contingent who served in South Africa during the South African war, and also any person domiciled in Canada immediately prior to the 11th day of October, 1899, who served in the forces of the United Kingdom of Great Britain and Ireland in South Africa during the South African war. The widows of our Canadian soldiers who served in the Boer war should be treated just as the widows of soldiers who served in the great war are treated. I would ask the minister to give that matter consideration and see if something cannot be done to correct that situation.

Mr. MACKENZIE (Vancouver Centre): If I may deal with that point immediately, before my hon. friend proceeds further, I am very glad indeed that he brought up this matter. It may be recalled that the hon. member for Vancouver South asked me a question in this regard during a previous discussion, and I said it was certainly the intention to include the widows of veterans of the South African war. What happened was that the title of the vote was altered by an amendment, it being the intention at first to have it administered by the Canadian pension commission, and then at the request of the Canadian Legion this amendment was introduced. Inadvertently it dealt only with the veterans of the great war, but steps have already been taken to have that situation corrected, and I trust it will be corrected by a supplementary estimate. Three classes were accidently omitted: widows of veterans of the South African war, the widows of imperial soldiers who were domiciled in Canada in 1914, and the children of such widows. My hon. friend will recall that under the War Veterans' Allowance Act widowers are entitled to twice the amount given to single people.

Mr. GREEN: Is the widow with children to be so treated now?

Mr. MACKENZIE (Vancouver Centre): Yes; that is the intention. These three classes were inadvertently left out when we changed the style and title of the vote in the house.

Mr. GREEN: We told the minister that night they were not covered, but he would not believe us.

Mr. MACKENZIE (Vancouver Centre): My hon. friend did develop certain doubts about it, and after I retired from the chamber that night I became convinced that he was right.

Mr. HAZEN: I am very glad to hear the minister say that the situation is going to be corrected along those lines. That was practically all I rose to say, but while I am on my feet I should like to support the suggestion advanced this evening by the hon. member for St. Boniface, that veterans' homes be established to care for the men of our armed forces who, on being discharged from hospital, are not capable of earning a living on account of their physical condition or on account of their age, and who have no homes. As the hon. member said, when some of these men are notified that they must leave the hospital they say, "Where am I to go? How can I live on $20 a month?"

Mr. MACKENZIE (Vancouver Centre): If I may interrupt my hon. friend again, the Department of National Defence is now developing institutions like convalescent homes for the duration of the war, and in all probability this department will take over those homes when the war is finished. I believe there is now one in every province.

Mr. HAZEN: That, I hope, will be satisfactory.

There is one further matter I wish to deal with. I should like to support the statement made this afternoon by the hon. member for Souris that the insurance principle should be applied to members of our armed forces who have volunteered for overseas service but who have not left the shores of Canada or, in the case of navy and air force personnel, who may

have left our shores but are still stationed in Canada. The figures I am going to mention are not official, but I believe that at the conclusion of a similar period during the last war some two hundred thousand or more pensions had been granted, while up to the present time in this war I believe only some thirteen thousand pensions have been granted. Of course in many respects this war is different from the last one; the casualties have not been as high and they are not likely to be as high; but apart from it being the right thing to do, I think the government could easily afford to introduce the insurance principle in connection with members of our armed forces who have volunteered for overseas but who remain in Canada. Any man who volunteers for service overseas and who sustains injuries which result in disability, or whose health is affected while serving in Canada, should be entitled to a pension while incapacitated, provided his injury or illness was not caused by failure to obey orders or by his own misconduct. If death ensues as a result of such injury or illness, provision should be made for the dependents. It seems to me that this is the least this country can do.

Mr. W. K. ESLING (Kootenay West): Recently I received a letter from one of my constituents who told me that he was a veteran of the last war with an eighty per cent pension for gunshot wounds and nerve deafness. He sought relief in what is commonly called a hearing aid. He went to an electrical concern in Victoria, and for that hearing aid he was asked the sum of $189. I placed the matter before the officials of the department of pensions and was gratified to receive a reply in the next mail stating that this man had been communicated with and directed to report to Shaughnessy hospital to have his hearing tested and to receive an appliance. Then, as I understand it, the department is evolving an improved and extended system of testing for deafness and eventually hopes to establish stations at the principal centres, in order that proper tests may be conducted and hearing appliances provided. I am also informed that, aside from the Department of Pensions and National Health, people who are afflicted with disability in their hearing are endeavouring to form a dominion-wide association, to such end that there may be some comfort or relief from their disability. The understanding is that people who suffer from deafness, because of the discouragement and distress of being unable to know what is going on in their presence, commit suicide in numbers many times greater than do those who have the disability of not being able to see. The hope is that when such organization is perfected there may flow from it the good results which have been achieved by the Canadian National Institute for the Blind, under the direction of Colonel Edward Baker.

May I return to a discussion of the price of this appliance, namely $189. Not long ago I was in touch with a civil servant, grade 2, who had been supplied with one of these appliances for $160. Then, I know of a man in this building who was approached within the past week, and who was asked $175. I am quite sure hon. members will realize just how eagerly a person so afflicted will reach out for any kind of relief. The people who sell this type of apparatus are high-pressure salesmen, and they put pressure on the government, just as they do on individuals. They will approach a man in a quiet room. These salesmen will have good, clear voices, and the experience is that when the appliance is tried out under those very favourable conditions the person who is interested can hear much better. But when he goes on the street with the same appliance, and is confounded with street noises, he gets no more satisfaction from the appliance than he would if an overhead or elevated railway were running above his head.

I appeal, first of all, not to the Minister of Pensions and National Health, but to the Minister of Labour. I ask him to have the combines branch look into this matter. It is generally conceded that these prices are maintained solely by reason of the patents controlled by the manufacturers. It is all very well for a person to pay a high price for a radio. That is a luxury, and it is one's own fault if he gets stung. Nothing could be so low, however, as the vulture who, as a manufacturer, takes advantage of his patents to prey upon the afflicted, and perhaps sell them something which in a short time will become useless. I am told that every part of the apparatus in more general use is made and patented as a non-standard or irregular size. Those parts are not turned out in standard sizes or types. The plugs, terminals, tubes, sockets, amplifiers and the cases in which the batteries are placed are of such sizes that, if anything goes wrong, one must return to the company to obtain a replacement. It is impossible to make repairs otherwise.

I have gone into this matter extensively with people who understand what they are talking about. First of all, I am asking the Minister of Labour to put his combines branch to work on this matter. That may require some time. Accordingly I would go to the Minister of Finance, and request him to make inquiries of the wartime prices and trade board in order to determine just what a fair price for this

instrument would be. I have been advised that I need go no further than to a man versed in electronics or to a good radio mechanic, either of whom could tell me the price for which such an instrument could be constructed. I may be wrong, but I place before the minister the information as I have obtained it.

I have said that one could obtain the information from a radio mechanic. May I point out, in passing, that at huge expense the government maintains a national research council. In their laboratories they have all the equipment for manufacturing signal outfits. To-day they are responsible for millions of dollars' worth of equipment of that kind. I am told that the signalling outfit is simply a hearing apparatus on a larger scale. Why not go to the national research council, put their engineers to work and find out at what price this apparatus can be supplied. Then let the government take hold of these patents, and pay the owners a royalty. If the patents belong to them they are entitled to some compensation. But they are not entitled to prey upon those who suffer. An affliction of that kind is bad enough; but on too many occasions a man spends his last cent of savings in the hope of getting just a little relief from the apparatus. I say the government is justified in asking the national research council to ascertain at what price this instrument can be produced. I have been told, on the very best authority, that the instrument which is in general use in Canada to-day can be sold at a profit for as little as $25—and that is very much different from $189. While it may be said I am talking at random, I am simply asking the proper authorities to have the research branch look into this matter, to ascertain just to what extent I am wrong.

There are other matters of a somewhat similar nature which require attention. I think, first, about artificial limbs. Anyone who suffers from the loss of a limb must feel the sting from the expense connected with the purchase of the relief which he must have. The government maintains such a plant, and manufactures these articles. Belts, limbs, hands, shoes and the like would be in the same category. My suggestion is that while the government has such an institution in Toronto, it might very well establish two or three across Canada. Let the government employ in such plants the men who have been conducting business independently. Pay those men good wages. They are experts in their line and are entitled to proper compensation. But I contend it is the duty of the government to see that unfortunate people are not made to suffer.

The other day I came across a poor boy who is supporting a widowed mother. He has a small job but, on account of infantile paralysis it is necessary for him to wear a special shoe with a steel support, for which he must pay $28. It is true that this may have nothing to do with the department of pensions; but I would suggest that inasmuch as this department has specialists who make these shoes, the government should be generous enough to let unfortunate people like this boy buy these at actual cost. To have to pay $28 makes a considerable dent in his little weekly cheque.

I realize that the minister's intentions in this direction are good, but I wish particularly to emphasize the importance of the government taking over these patents and providing the general public with such apparatus as may be necessary at a price which is fair and then paying an equitable royalty to the patentees.

Mr. MACKENZIE (Vancouver Centre): I thank my hon. friend for his constructive suggestions. I think he largely answered himself the question which he asked in regard to hearing aids. The department has set up a board of experts who will approve all hearing devices. The intention is to issue and maintain hearing devices to those who suffer from this disability as a result of service. I think we have the newest devices and appliances available. We have also taken measures to control the prices at which these will be bought. They will be issued, without cost, to those who are pensioned for this disability.

Mr. ESLING: As Minister of Pensions and National Health, does the minister not think this service should be extended to those unfortunates who are not ex-service men?

Mr. MACKENZIE (Vancouver Centre): I doubt very much if we would have jurisdiction in regard to civilians. We are primarily concerned in this department with questions of pensions. We have certain fields of jurisdiction in connection with health, but I doubt if we would have any power to take such action at the present time.

Mr. D. G. ROSS (St. Paul's): I was sorry I was not here on June 18 when the question of grants to widows of ex-service men came up. It was found necessary to reduce the qualifications from eighty per cent disability to fifty per cent, but I think it might have been reduced to thirty per cent. These women are getting older, and I do not like the principle of making this appear like charity when it is their right. A short time ago the hon. member for Brantford City referred to Toronto General and Christie Street hospitals

and tried to compare them as far as noise in the immediate vicinity was concerned. They are not comparable. The Toronto General hospital is of fireproof, concrete construction. It is true that there is some noise from College street during the day when the windows are open, but you do not get that noise at night.

Mr. MACDONALD (Brantford City): They go to bed early in Toronto.

Mr. ROSS (St. Paul's): Some of them do. Perhaps, when the hon. gentleman comes to Toronto he has nothing to do and has to go to bed. I do not think the impression that these two places are comparable should be allowed to get abroad because they are not. Christie Street hospital was originally built as a factory; it is mill construction. One thing that has not been mentioned and that is very important is the number of trains that pass there. The hon. member said that when he was in Christie Street hospital he did not find it so bad, but conditions then were not like what they are to-day. There were not hundreds of trains passing at that time.

Mr. MACDONALD (Brantford City): I did not make any such statement.

Mr. ROSS (St. Paul's): I thought the hon. gentleman said that, but some one did. Conditions to-day are entirely different from what they were before. Think of the traffic there is passing along those lines and the traffic that will continue to pass until the end of the war. I venture to say that a large train passes there at least every half hour, and then there is shunting and other traffic. I should like the minister to tell me how many trains pass there per day or per hour. I want to know how thorough this survey was. I want to know whether he or any of those who made the survey ever visited the hospital and spent a couple of days there to see what conditions were like. Did they spend a night there? There is a bridge factory quite close where riveting is going on all the time. I visit that hospital a great deal and I do not think the survey that was made was complete. It is true that we shall probably have to continue using Christie Street hospital because we are short of beds, but to spend $500,000 for, I believe, 340 beds—

Mr. MACKENZIE (Vancouver Centre): Over 400.

Mr. ROSS (St. Paul's): The hon. member for Brantford City said that this would have to be done as an emergency. Office space has been required in Ottawa and we have put up temporary buildings of one kind and another. The Department of National Defence built a hospital at Camp Borden containing about a thousand beds. I do not think that cost any $500,000, even fully equipped, and it is a good hospital. If we have to have temporary hospitals, let us have them, but do not let us put up a permanent structure in a factory district where there are all kinds of noise all the time.

Can the minister state what locations have been offered by the city of Toronto? What is the construction of this hospital to be? Will he tell me anything further that he can in connection with the survey? I do not suppose this is the time to discuss the question of salaries paid to the staff, because that would come under non-war estimates.

Mr. MACKENZIE (Vancouver Centre): The building proposed will be of fireproof construction and will contain 460 beds. I have no information as to the number of trains that pass in a day. The experts who were there made a most thorough survey. They were men of the highest calibre, as will be seen by looking at their names which appear in the return tabled the other day. There were also members of the staff who live in the hospital and whose opinion should have some weight.

I have listened to the debate to-day, and with but one exception I cannot complain of the tone or tenor of the debate. I am largely in sympathy personally with many of the sentiments which have been expressed with reference to Christie Street hospital. If one listened to the hon. member for Parkdale (Mr. Bruce) one would think that I was the author of some enormity known as Christie Street hospital, whereas it was a legacy which I received from the government of which he was a strong supporter. I am far from advocating that this is an ideal location. On going through the order in council passed in 1918 I found that the city of Toronto actually offered a site in High Park as an alternative to Christie street, but that was rejected by those who were advising the government of the day.

The proposed extension is urgent; it is required immediately, it is imperative that it be built. At the present time, on account of the difficulty with regard to priorities it would be impossible to commence the building of a large hospital in a preferable place. That is the simple fact. In the second place, we could not have a duplication of staff at the present time because we could not get the trained personnel. As I said previously this evening, we are being assisted by national defence services who are supplying some staff to help with the more serious cases in our own hospitals. These are the two major

reasons. I can see no possibility of commencing a major hospital at the present time. We have been in consultation with the authorities in the city of Toronto and have offered to send our officers to confer with the city authorities about a site and possibly to draw up plans so that they will be ready at the proper time. That, in my judgment, would be immediately after the war is concluded. The hospital could be constructed as a priority construction project on the site which the city of Toronto and the soldier organizations consider the most suitable. At the present time, however, no matter what my wishes may be, and I am as sympathetic as any hon. gentleman who has spoken in favour of better facilities, it is absolutely impossible to do anything but what we are doing in regard to this extension costing $500,000.

Mr. GRAYDON: The minister speaks of the drawing up of plans and the selection of a site for a new hospital to be built at the conclusion of hostilities. Has he any information to give to the committee as to how long it would take, after the conclusion of hostilities, to erect a hospital and put it into operation fully equipped to handle perhaps the large numbers of men who will have to be hospitalized during this war?

Mr. MACKENZIE (Vancouver Centre): I think it would take at least two years to construct a hospital of the dimensions mentioned. I might say that there is other hospital accommodation in the vicinity of Toronto. The national defence department has a hospital at Oakville. We are to build an occupational centre on the lake shore, with about 400 beds. We have also recently purchased from the Oddfellows' association in Toronto a 200-bed hospital. So that there will be during the war many supplementary hospitals. Chorley Park is also being used as a hospital.

Mr. GRAYDON: Does the minister not think the problem, which he is facing now and which he readily admits, and which I think has been pretty well established by the addresses made by hon. members who have taken a great interest in this problem, will become more acute than it is now as the war progresses?

Mr. MACKENZIE (Vancouver Centre): I do not think so. With this extension and the supplementary facilities, I think we shall be able to meet any problem that arises. We have envisaged a certain reserve capacity in all our hospitals and I believe we can meet any situation that will develop.

[Mr. I. A. Mackenzie.]

Mr. STIRLING: As to the extension am I right in supposing that the proposal is to build stories on top of the present building?

Mr. MACKENZIE (Vancouver Centre): It is a new wing.

Mr. STIRLING: An entirely new wing. Is it to be a one-storey building alongside the large building there?

Mr. MACKENZIE (Vancouver Centre): It goes over the top of the kitchen.

Mr. STIRLING: Then it is proposed to build other stories on top of the existing foundation?

Mr. MACKENZIE (Vancouver Centre): That is right.

Mr. STIRLING: With regard to that foundation, am I right in supposing that when it was laid down it was built with the idea of carrying a great deal more than its present load?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. ROSS (St. Paul's): May I ask where these sites are that were offered by the city? I understand that three were offered by the city.

Mr. MACKENZIE (Vancouver Centre): Not one so far.

Mr. ROSS (St. Paul's): How much would it cost per bed to build a hospital that would be a temporary structure, not permanent like what is proposed to-day? I have another suggestion. There are many clubs around the city of Toronto which might be used for convalescent homes. I am sure that the citizens who belong to these clubs, golf clubs and so on, that are not too far out of the city, would be only too glad to let the department have the use of them. There was a great friend of mine in Christie Street hospital for about fifteen or twenty years only because he did not have any other place to go. It seems to me that with very little staff some of these clubs could accommodate a lot of beds. There is one hospital in Rosedale at the present time under the Department of National Defence, and the old government house in Toronto is also being used as a hospital. I cannot see the point in putting up a permanent building, in view of the length of time it would take to build a fireproof building on the present site and the difficulty of getting materials and labour. I think it would take a very long time to build, and I suggest that temporary buildings be put up instead of a permanent structure.

Mrs. CASSELMAN: The minister has been speaking of the difficulty of getting materials, of priorities and such matters. May I ask what progress is being made in the building of a soldiers' unit in the University hospital at Edmonton? I hope that is one hospital that will be satisfactory. The hospital is a wing of a civilian hospital there. It is in a district well chosen, quite easy to get at, and an easy place for relatives and friends to visit. It has been overcrowded. I saw the blueprints a short time ago, and I believe the money has been voted. When will it be completed? Might I make one suggestion. There is plenty of territory around there for convalescent homes. Convalescent homes of the cottage type might be built near the soldiers' wing in Edmonton.

Mr. MACKENZIE (Vancouver Centre): The specifications are about completed for the Edmonton extension, and the contract will be advertised in about a month from now.

Mr. FRASER (Peterborough West): A return that was brought down, sessional paper 327, shows that there are women in Christie Street hospital. Can the minister tell me how many there are there, and in this new addition will there be a separate wing set aside for women?

Mr. MACKENZIE (Vancouver Centre): I understand that there are twenty women there, but most of them have been removed from Christie Street to Chorley Park.

Mr. FRASER (Peterborough West): Is that the only place where women of the armed forces are treated?

Mr. MACKENZIE (Vancouver Centre): In every district they are receiving treatment.

Mr. FRASER (Peterborough West): There is no special hospital for them?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. H. C. GREEN (Vancouver South): This item amounts to $4,225,000 and is described as being for "treatment and pension examinations—members and ex-members of the defence forces (present war)." This very item brings up, I think, the key problem with regard to the men who are discharged from the forces. For that reason I am sorry that the minister has not seen fit to explain the stand of the government with regard to a suggestion that has been made by many of the members of the house to-day that the insurance principle should be reinstated in dealing with pension applications from men who have not served beyond Canada. So many men have been discharged from the forces during the present war as medically unfit. I think every member of the house has found it difficult to understand why such a large number of men taken in as category A should become unfit during their service in the forces. Yet that is the case. Thousands and thousands of men have been taken in as category A and discharged as category E, but only a very small proportion of them have been able to qualify for pension. I am not blaming that particularly on the minister's department; I think perhaps it was because of the law; and I suggest that the law should be altered. As the minister knows, throughout the whole of the last war the men in the forces were protected by this insurance principle. That principle is to be found in section 11, subsection 1, paragraph (a) of the Pension Act, which states in effect that a man can get a pension where the injury or disease or aggravation thereof—and "aggravation thereof" is important with regard to disease, particularly—was attributable to or was incurred —these are the key words, "or was incurred"— during such military service. In other words, in the last war, if men were taken in as fit, and they became unfit on account of injury or disease, whether they served in Canada or overseas, they were entitled to a pension. The same principle applied during the present war up to and including May 20, 1940. At the outbreak of war the government by order in council made that principle applicable. But then, for some reason or another, a change was made, and now the insurance principle applies only where a man has served out of Canada; if he has served within Canada only he must show that his injury or his disease or the aggravation thereof arose out of or was directly connected with military service. I know in my own experience, particularly in the case of disease, time after time the man cannot qualify for a pension. He enlists category A; he comes out category E, perhaps disabled for life, but he cannot qualify for a pension. One cannot explain that to the public, nor can one explain it to the man. People take the view, "This man was perfectly fit when he enlisted; he has been in the army and has come out unfit; he should get some pension." I suggest to hon. members that this provision must be changed, and changed without any further delay.

We had an argument about that in the committee on returned soldier problems which sat in 1941, I think it was. As a result a compromise was reached and subsection 3 of

section 11 of the Pension Act was inserted. That deals only with hardship cases, where a man is in necessitous circumstances and where his disability is serious; in the discretion of the commission he may be awarded some pension; the commission also has discretion as to the amount. Some cases have been covered under that section, so that it was of benefit. But I suggest that the time has now come to go the whole length and restore the insurance principle to the pension law of Canada. I suggest to the minister that where a man enlists, is qualified to go overseas, and is ready to go overseas, or in other words is regarded by the public as ready to go and do the fighting, that man should be covered by the insurance principle. I do not ask it for the men who are going to stay in Canada, but on behalf of the men who enlist to go and fight.

I do not want to weary hon. members, but there was a return brought down on April 1, 1943, order No. 98, in answer to a question by the hon. member for Lake Centre. It shows that, as of December 31 last year, 64,401 men had been discharged from the three forces as medically unfit. Of that number, 57,118 were men who had served only in Canada. The same return shows that, as of January 31, 1943, just a month later than the army figures, there had been only 3,286 pensions granted and another 1,500 had been allowed but were not actually in payment, making a total of 4,786.

Mr. MACKENZIE (Vancouver Centre): It is 7,000 now.

Mr. GREEN: Well, there have been more men discharged since those dates.

Mr. MACKENZIE (Vancouver Centre): Oh, yes.

Mr. GREEN: And of course more pensions have been granted. But the proportion is very, very small. My submission is that that shows there is something wrong with our pension law as it stands at the present time.

Mr. STIRLING: All the 64,000 must have been A category when they went in.

Mr. GREEN: I asked a question back in March to get that information. An order was passed on March 29, but I have not yet got the answer.

Mr. MACKENZIE (Vancouver Centre): Does my hon. friend say that an order affecting our department was passed in March?

[Mr. Green.]

Mr. GREEN: On March 29 an order was passed for an answer to these questions by myself:

1. How many men who were taken on the strength of the Canadian army as being in category "A" have been discharged as category "E"?
2. Of this number, how many became category "E" during service abroad?

In other words, they would be covered by the insurance principle.

Mr. MACKENZIE (Vancouver Centre): That is another department.

Mr. GREEN: The next question:

3. How many of the last-mentioned group have been granted pensions?
4. How many have been granted pensions who became category "E" during service in Canada?

I have not yet been able to get an answer to those questions.

This defect in the pension law has a further result. The man who is discharged as medically unfit is handicapped in getting treatment. If he gets a pension he is entitled to treatment, but in other cases he can get treatment, I believe, only for a period of a year. I believe he can now get free treatment for a year?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: Every discharged man can. But in some cases a man cannot be cured in a year. I have on my desk now the papers in the case of a man who has had to take expensive treatments running for more than a year, and he is unable—

Mr. MACKENZIE (Vancouver Centre): He can get treatment to the completion of the treatment.

Mr. GREEN: This man has been unable to get it. The treatments were stopped at the end of the year. I took the matter up with the department.

Mr. MACKENZIE (Vancouver Centre): Could I have the details of that case?

Mr. GREEN: I will give the minister the case. If these men had been granted pensions they would get the treatment.

Finally, one other point which I wish the minister would clear up is with regard to the programme for reconditioning men. We were told about a year ago last Easter that there was some great plan on foot for reconditioning men. If a man had hernia or some other trouble which could be cured, he was to be taken in to a departmental hospital and treated so that he would become fit. We have never

been able to find out just what was done along that line. I wish the minister would tell us now how far the government has got with this reconditioning programme, both for men who were about to enlist and for men who were already in the forces.

Mr. MACKENZIE (Vancouver Centre): In regard to reconditioning cases, of course that is no longer proceeding under this department. There is a subsequent order in council to which I referred the other day, whereunder they are taken in in lower categories, and this work is being carried out under national defence department auspices. That is under order in council 2291 and order in council 2229. Up to January 1, 1943, there were 689 cases altogether.

Mr. GREEN: How many was it expected would be treated under that provision? We thought there were going to be a good many thousands.

Mr. MACKENZIE (Vancouver Centre): I have no estimate now.

Mr. GREEN: Has the plan broken down, or is it being carried on actively?

Mr. MACKENZIE (Vancouver Centre): It has been taken over by another department and the reconditioning is done direct by national defence.

Mr. GREEN: What about this Pension Act and the insurance principle?

Mr. MACKENZIE (Vancouver Centre): That is an old question of discussion between my hon. friend and myself.

Mr. GREEN: I think the minister would agree with me if he could speak *sub rosa,* or under the table.

Mr. MACKENZIE (Vancouver Centre): I will not contradict my hon. friend on that point at all. My hon. friend knows that we discussed it thoroughly, as he mentioned, in 1941. Without a question of doubt a substantial body of opinion in the country favours the adoption of the insurance principle, and among ex-servicemen themselves, I believe, opinion is more or less unanimous, as indicated at various conventions of ex-servicemen.

I think the broadening we were able to effect in 1941 did a tremendous amount of good. About ten per cent of the cases were allowed under section 11, subsection 3. Of the 7,000, roughly 719 were allowed, which has proved to be beneficial in difficult cases. My hon. friend is aware that we did extend substantially the definition of theatre of active war, so that the only people excluded to-day from the insurance principle are those who never left Canada. Those who go overseas and come back are protected for the rest of their service in Canada until the conclusion of the war, and in regard to the air force, the navy and the army, they are all protected outside Canada and in certain cases, as referred to by my hon. friend, within Canada, although those cases are not likely to arise.

Whether the insurance principle should be adopted or not is a question of government policy on which I am not free to say more than I have said, but I am fully aware of the demand for it, especially on the part of ex-servicemen, and my sympathies might be strongly in favour of it if I were free to express them.

Mr. GRAHAM: I wish to add a word to the discussion that has taken place between the member for Vancouver South and the Minister of Pensions. Speaking as a returned man, I am pleased to hear the hon. member for Vancouver South echo my own thought, that the returned men generally could hardly hope to have a more sympathetic minister handling the affairs of this department than the present Minister of Pensions and National Health. We are all agreed that he is moved by a great desire to be not only fair but very generous, and that is as it should be in our attitude to the men who enlist for active service.

I suggest to the minister that in this particular war the ability to determine health conditions and the true category of enlisted men is much greater than it was in the last war. I can see that in the last war, owing to the difficulty which the medical officers had in examining men on enlistment, there would be some cases that would be open to doubt whether the injury or illness had resulted from service conditions. But in this particular war, it seems to me, we have so improved the X-ray examinations and other methods now known to medical science as to exclude the possibility of certain physical weaknesses not being detected, and we have taken such great care in the application of these new safeguards against men getting into the armed services who are not physically fit that I, like the hon. member for Vancouver South, feel that the time has come definitely when this country should embark upon the insurance principle which he has discussed so ably. As a returned man and a member of the Liberal party, I join with him in urging the minister to continue the struggle to have that principle adopted, knowing how difficult it is for the individual to discharge the onus of substantiating his case before any tribunal if the facts are difficult to ascertain. On the other hand, the department has the

records and all the ability to determine at the time of enlistment a man's physical condition, and having given him a category and accepted his services, we should assume the responsibility that goes with that acceptance and see that the principle is adopted as a basic principle in the Canadian treatment of soldiers, sailors and airmen on active service.

Mr. EDWARDS: I would be heartily in favour of what has been advocated by the two previous speakers but for the doubts and misgivings I have arising out of the high proportion numerically of those who have been mustered out of the army, the navy and the air force within a comparatively short time after their enlistment. Those figures would surely give a layman an impression contrary to that suggested by the hon. member for Swift Current.

Mr. GRAHAM: I believe there is a provisional period that still permits of further examination, and some of those figures will refer to those persons who are further examined and found not to be in a proper state of health.

Mr. MACKENZIE (Vancouver Centre): That is of recent origin, I am told by my advisers. In regard to those discharged, it is only fair to point out that up to March 31, 1943, 19·5 per cent in the army had less than three months' service, 42·9 per cent had less than six months and 69·4 per cent had less than one year's service.

Mr. GREEN: And over one year?

Mr. MACKENZIE (Vancouver Centre): It is 30·6 per cent.

Mr. EDWARDS: On the basis of those figures it does seem to me that if you are to adopt the insurance principle, using that term in its best sense, there would need to be considerable tightening up in the medical examination of the men at the time they are inducted into the Canadian army. The fact that there is such a high proportion suggests to my mind at least that the medical examination of these men at the time they were inducted into the service was not of the kind to which the hon. member for Swift Current has referred; otherwise surely there would not be those numbers or that proportion of men discharged from the army in category E within such comparatively short periods. It seems to me inconceivable that a proper medical examination would not have disclosed a much higher proportion of those who were diseased or suffering from other disabilities than the records apparently show. I think there is some criticism to be directed to the medical officers in the three armed services who admitted these men. I had an example of one man who was certainly away over the age limit specified during the first year of the war, who got as far as England and was then returned to this country. In speaking to him in an effort to help him I said, "It is perfectly obvious, sir, that you have one eye that is bad; I would judge that probably you cannot see out of that eye." He admitted that this was correct. Then I said, "The question naturally arises, how did you get by?" The suggestion was that he had memorized the chart and was able to fool the medical officer.

Mr. BLAIR: Did he falsify his age?

Mr. EDWARDS: I have not the slightest doubt he did, and in that he was aided and abetted by others in the armed forces, a practice which is not unknown to old soldiers. He was a fine patriotic citizen, but the fact that he was permitted to pass, I believe, three medical examinations before he was eventually sent back to this country as unfit for service raised doubts in my mind as to the propriety of the medical examinations that are given brave men who offer their lives in the service of their country. I think the figures quoted disprove the foundation for the argument advanced by the hon. member for Swift Current. But it was not with respect to that that I rose to question the minister. I was prompted by the question directed to the minister by the hon. member for Edmonton East. I did not know this department had a wing of the civic hospital, which, apparently, it built and operates or to which it contributes. In Calgary we are fortunate in having what we are led to believe will be, when completed, one of the most modern and most completely equipped hospitals to be found anywhere in Canada or perhaps on this continent, for all of which we are duly grateful and appreciative. I commend the minister and his department for having provided, even at this late date, a fine hospital for our pensioners. I think it was a disgrace that the building on 8th avenue should have been used as a hospital all these years; I am sure the rents paid would have been sufficient to build two or three first class hospitals.

I come now to a question which has bothered me, as a result of the discussion which has been precipitated here by hon. members from the fair city of Toronto, in regard to the location of these hospitals. I was of opinion not only that the hospital in Calgary was badly located from every point of view, but that the new hospital might properly have

been located where I, as a layman, naturally would think a hospital should be situated—in some place with broad grounds, away from the noise, dust, smoke and distraction of city life. But every doubt or misgiving that I had in regard to the location of the new hospital in Calgary was answered, to my satisfaction at least, by one consideration, namely, the representations of the pensioners themselves. When the Canadian Legion and the representatives of these invalid soldiers come forward and say, "We want a hospital, not out in the foothills, not out on the shores of a lake but as centrally located as we can get it, so that we may have access to the movies and to the attractions afforded by a downtown district, where we will be readily accessible to our friends and relatives who want to come and see us," that settles it for me. When I am told by the men and women whose duty it is to wait upon these soldiers that the men undergoing treatment want to be downtown in the city, for the reasons I have mentioned, I say that where the soldiers want it is where it shall be, as far as I am concerned. I believe that that consideration should outweigh all others, because if the soldier undergoing treatment would be unhappy or lonesome, no matter how beautiful the grounds might be in some remote district, where his friends would have difficulty in getting to him and he would not see the people going by, then I say the wish of the soldiers should determine the location of the hospital. I should like to hear some expression from the minister as to what the soldiers undergoing treatment in Christie Street hospital have to say with regard to the location of the hospital and what they would say if, as has been advocated, the hospital should be located six or eight miles from downtown Toronto.

I should like the minister to state also the policy of his department in regard to the suggestion I have heard enunciated and which I would understand has been carried out in some cases at least, that at certain points his department cooperates with the municipal authorities in building additions to civic hospitals, and under what circumstances that will be done, if at all. I am reminded now that at the time the new hospital in Calgary was being considered, very strong representations were made to the department that it might well cooperate with the city of Calgary in building a new civic hospital, so that I should like to know whether there is any principle underlying the policy of the department of not going into partnership with municipal authorities in the construction of hospitals for pensioners.

Mr. MACKENZIE (Vancouver Centre): In the first place the policy of the department is to utilize as far as possible the hospitals they have had through the years, and to extend them, because as a rule the men themselves prefer those hospitals to any others. In the second place, where the pension department has no hospital facilities at the present time, we may agree, as we have done in two instances already—in Edmonton and in Ottawa—to take steps to extend existing hospital facilities in these places. That step is in contemplation at one other point at the present time, but that only happens where there are no hospitals of our own as such.

Mr. GRAHAM: I cannot let the argument of the hon. member for Calgary West go unanswered. He suggests that my argument in favour of the insurance principle is not borne out, because some figures might seem to indicate that medical officers employed by the government may not have performed their duties thoroughly in examining men who offered themselves for enlistment. I submit that his very statement, accepting his inferences as correct, places the onus still more squarely upon the government and this country. What is the position? In a moment of patriotism a man comes to offer himself for enlistment in the service of his country. Such men know that if they were accepted they will have to give up their ordinary work and leave their homes. I do not think it is possible for any person to say what will be the result of service in a theatre of war, particularly to those who were not examined thoroughly enough to have any defects discovered; but I believe the principle should be recognized that the onus is on the country to say to that man, when he appears to enlist, "You are well enough to undergo the service we expect of you" or, after examination, "You are not fit to undergo that, and therefore you can not enlist and must return to your civilian environment and occupation". But if we as a country accept the man in a given category, despite the fact that the medical officers who examined him may have been careless, or even derelict in their duty, I think the onus is upon us, and that no man can thereafter say just how much that man's disability has been increased by reason of active service. Certainly it would be unfair to the individual to say, "We made a mistake; we were careless in our examination. We should never have accepted you. And because of that we refuse to accept the responsibility of recognizing that your

duties may have added to your physical disabilities." So that I do not think the argument advanced by the hon. member for Calgary West in any way changes the principle I urged upon the minister as one which should be recognized in dealing with those who enlist in our armed forces.

Mr. COLDWELL: In the discussion I have heard I agree with the hon. member for Swift Current. However, that is not what I rose particularly to say. I understand the minister has allowed a great deal of latitude in the discussion of this item, and as I have been unable to be in the house because of other matters perhaps I might be permitted to say a few words on another problem. I wanted to bring the attention of the minister again to a condition which exists by reason of the number of medical men taken into the army, particularly from our rural districts in the west.

I have heard medical men say that if our armed services had one medical service; if it were united instead of being divided four ways, there would be ample medical attention for both the armed forces and the civilian population. I know that during the winter the minister made every effort to meet the conditions in the rural areas, and for that I wish to thank him. However, his efforts were unsuccessful. I am thinking of the situation which applied in my own constituency at Lucky Lake, a very large area in which there are some 7,000 people and two or three hospitals, but no doctor, no nurse and no medical aid of any description. During last winter, which was a bitter and a long one, there were occasions when people were actually unable to get medical assistance before they died. This is a very serious situation, and one which exists not only in my own province, but also in other provinces, including that represented by the minister himself. I am wondering if some plan cannot be worked out whereby aid could be given to the rural districts to relieve this situation. It is indeed a terrible situation when we find people living twenty, thirty and forty miles away from a doctor, sometimes in communities where there are hospitals, and yet unable to obtain attention when that attention is needed.

I am not criticizing the minister, because I know that in the past winter he did endeavour to relieve the situation, but without success. It is true that, owing to the fact that medical men have moved away from some of the cities, others have gone in to take their places. I am told by medical men —of course, usually by the well-established ones—in these large cities that there are quantities of doctors in the cities, and that the men who are coming in are really not needed in those areas.

One hesitates to suggest that anything in the nature of compulsion should be exercised. However, we are exercising compulsion in respect of men required to join the army, and it seems to me that if voluntary efforts fail we shall have to work out some scheme of compulsion applied to medical men and nurses, so that they may be placed in districts where they are needed, districts in which the emoluments and living conditions may not be quite so attractive. Would the minister say a word on this point?

Mr. MACKENZIE (Vancouver Centre): I thank the hon. member for Rosetown-Biggar for bringing this matter to the attention of the committee. We had some correspondence in the winter months about the situation in Saskatchewan. Since that time I have been reading some dispatches describing the condition in the United States. I find that the situation in parts of that country was much more intense than it has been in Canada. The trouble has been, first of all, on account of doctors moving away from the country to the cities. That difficulty is pronounced. For instance, the city of Winnipeg, with the greatest number of medical enlistments of any part of Canada, has actually more doctors at the present time than it had before the war. The medical procurement board has been conducting a national survey, as my hon. friend knows. I understand that the report has nearly been completed or is about to be completed, and that it deals with this situation. However, I have not yet seen the report myself, and I do not know what has been recommended.

In Australia compulsion has been exercised, giving medical doctors the rank of major. They have been compelled to serve in districts where they were required. Similar action has been taken in Great Britain, so that doctors might be moved to certain places, and I understand such action is about to be taken in the United States. That may be the only remedy in Canada, unless we succeed in meeting the situation in another way.

Our conditions have been greatly helped by defence service doctors who assist us in the hospitals. But the greatest difficulty has been experienced in remote areas, like Lucky Lake. However, I shall look into the report on the matter and see if there is any further information I can give my hon. friend at a later date.

Mr. MARSHALL: Will the minister make a statement with respect to the future policy

of the government in connection with the Colonel Belcher hospital?

Mr. MACKENZIE (Vancouver Centre): I forgot to answer the hon. member. I believe his question was as to what future use would be made of the old Colonel Belcher hospital? I understand that as soon as the other one is opened, about September, it will be used as an emergency hospital for emergency cases, and that later on it will probably be used for administrative headquarters, and for other purposes.

Mr. MARSHALL: I understand it is under lease?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MARSHALL: How long has the lease to run?

Mr. MACKENZIE (Vancouver Centre): One year still remains in the lease.

Item agreed to.

Treatment, Royal Canadian Mounted Police, $110,000.

Mr. SHAW: Since this appropriation of $110,000 is a war appropriation, I would assume it does not apply to the regular members of the Royal Canadian Mounted Police force. We know that following the outbreak of the war many of the old ex-members of the force were invited to rejoin the service for a period of one year at a time. Then, certain special constables were taken on strength to act as guards. Does this appropriation apply only to men who have been taken on temporarily since the outbreak of war?

Mr. MACKENZIE (Vancouver Centre): That is more or less correct. That is the explanation why there is a vote in the war appropriation measure. There is another one in the civil estimates.

Mr. SHAW: On what basis is assistance given to those individuals so employed?

Mr. MACKENZIE (Vancouver Centre): The same treatment as for constables. The basis of the estimate is as follows:

The estimated per capita cost of treatment for members of the force is $25 per annum.

2,550 regular members of the force at $25 per capita	$ 63,750
500 new members at $25 per capita	12,500
2,500 special constables (veterans) at $12.50 per capita	31,250
150 special constables (security service), at $12.50 per capita	1,875
Unforeseen expenses	625
Total	$110,000

The families of these men are not entitled to free medical attention; the per capita cost is, therefore, approximately one-half.

Mr. SHAW: The first figure refers to regular members of the force.

Mr. MACKENZIE (Vancouver Centre): Yes, regular members, taken on as a result of the war.

Item agreed to.

Pensions, defence forces, fishermen, seamen, special constables R.C.M.P., civil servants, auxiliary services and A.R.P. workers, $3,500,000.

Mr. GREEN: Would the minister tell us how many in each classification are receiving pension, and how the vote is split up ?

Mr. MACKENZIE (Vancouver Centre): The figures for last year are as follows:

Mariners	284
Fishermen	nil
Mariners—supplementary	38
Fishermen—supplementary	nil
Auxiliary service	1
Civilian employees	4
R.C.M.P. special constable guards	nil
A.R.P. personnel pension	nil
Corps of civilian fire fighters for service in the United Kingdom	nil
Section 46A, Pension Act	39
	366
Active force	5,670
Reserve force	74
R.C.A.F.—R.A.F.	550
	6,294
C.W.A.C.	3
R.C.A.F.	2
	5

Mr. GREEN: Is that the total number getting pensions as of June 1, 1943?

Mr. MACKENZIE (Vancouver Centre): The return is dated June 1, but it gives the situation as of March 31, 1943. The amounts are:

Pensions—	
Active	$2,252,385 35
Reserve	22,720 29
Seamen	183,460 63
Auxiliary services	1,244 04
Civilian employees	2,188 49
Air training	286,764 16
Supplementary to imperial awards	7,482 41
Injury allowances—	
A.R.P. workers	1,631 14
Supplementary—	
Italian and Belgian	1,429 68
Pensions—	
C.W.A.C.	305 09
W.R.C.N.S.	126 77
R.C.A.F. (W.D.)	133 22
	$2,759,871 27

Mr. GREEN: What about the navy?

Mr. MACKENZIE (Vancouver Centre): They are included in the active forces.

Mr. GREEN: Are the fishermen, airmen, special R.C.M.P. constables, civil servants, members of the auxiliary services, A.R.P. workers covered by the same order in council?

Mr. MACKENZIE (Vancouver Centre): Several orders in council have been tabled, but there is a specific one for each branch.

Mr. GREEN: Are the terms different in each case?

Mr. MACKENZIE (Vancouver Centre): I think they are.

Mr. GREEN: How about the amounts?

Mr. MACKENZIE (Vancouver Centre): I am told that they vary in some cases, but not substantially.

Mr. CHURCH: I am surprised that this particular portion of the pensions scheme is just $700,000 less than the scheme to provide for those who are overseas fighting. This subdivision covering defence forces, fishermen, seamen, civil servants, special constables and A.R.P. workers contains a vote of $3,500,000, and the item for those who are actively engaged is only $4,225,000. How many A.R.P. workers are getting pensions?

Mr. MACKENZIE (Vancouver Centre): None at all as yet.

Mr. MacINNIS: Do all those covered by this item receive pensions on account of disabilities suffered in military action?

Mr. MACKENZIE (Vancouver Centre): Either caused by enemy action or while on duty.

Mr. MacINNIS: Would that apply to fishermen as well?

Mr. MACKENZIE (Vancouver Centre): Enemy action.

Item agreed to.

Investigations—dependents allowance board, $80,000.

Mr. SHAW: I understand that the field men, in my part of the country at least, or supervisors of the soldiers' settlement board, carry on investigational work for the dependents' allowance board. In certain instances they are given the authority to appoint representatives in various communities to make investigations for them. I understand that these special investigators are paid on the basis of so much per investigation. I am not satisfied with that arrangement. I feel that a supervisor for the soldiers' settlement board has his hands full with soldier settlement work. I do not wish to cast any reflection upon any individual supervisor, but in many cases these men have developed a certain type of mentality as a result of having dealt with soldier settler problems. They have built up certain prejudices from dealing with returned soldiers, and very frequently this is reflected in the treatment recommended for applicants for dependents' allowances. Since we have the new Veterans' Land Settlement Act I feel that these supervisors or field men, whatever you like to call them, should not be asked to undertake inspection work for the dependents' allowance board. I believe the two things should be kept separate and apart.

Mr. MACKENZIE (Vancouver Centre): It is done to a lesser degree to-day than it was formerly, but it is really a question of manpower and our having to use what we can get. We have rendered similar services to the soldier settlement board. I think the point of view advanced by my hon. friend would be the ideal one.

Mr. FRASER (Peterborough West): I believe you are paying the children's aid society $2.50 per investigation?

Mr. MACKENZIE (Vancouver Centre): Per case.

Mr. FRASER (Peterborough West): In some cases that really is not enough.

Mr. MACKENZIE (Vancouver Centre): The provision for the cost of investigations carried out by the departmental staff is at the rate of $2.50 per case, but provision is also made for the payment to social agencies who carry on similar investigations at the rate of $3,50, plus travelling expenses in both cases.

Mr. FRASER (Peterborough West): There are some cases where they have to go back two or three times.

Mr. MACKENZIE (Vancouver Centre): We pay for that.

Mr. FRASER (Peterborough West): I know that the children's aid societies throughout Canada have had to take on extra staff on account of the work they are doing for the department, and I think a great deal of praise is due them for what they have done.

Item agreed to.

Post-discharge reestablishment—payment of out-of-work benefits (P.C. 7633), $400,000.

Mr. MacINNIS: Could the minister give us the amount paid out last year?

Mr. MACKENZIE (Vancouver Centre): The amounts are as follows:

Out-of-work benefits	$ 65,781 12
Vocational training	87,175 53
Farmers or others awaiting returns, benefit No. 3	12,295 92
Temporarily incapacitated benefit No. 4	113,831 21
Educational, benefit No. 5	4,872 58
	$283,956 36

The number of beneficiaries was 9,579.

Item agreed to.

Sundry services, $15,000.

Mr. GRAYDON: What does this cover?

Mr. MACKENZIE (Vancouver Centre): Treatment of Canadian fishermen and seamen, $1,000; committee on demobilization, $9,000; contingency fund for temporary assistance, ex-members of the forces, $5,000.

Mr. MARSHALL: There is a sum of money included for the demobilization committee?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MARSHALL: What are the names of the members of the committee, and how much has been allotted for that?

Mr. MACKENZIE (Vancouver Centre): The amount this year is $9,000; last year it was $8,000. It is to provide for a secretary at $6,000; a stenographer at $1,380, and sundry office expenses, transportation and travelling expenses of the committee's staff and consultants.

Mr. MARSHALL: What is the name of the secretary?

Mr. MACKENZIE (Vancouver Centre): Mr. Robert England.

Item agreed to.

Health Branch.
Air raid precautions, $6,589,650.

Mr. FRASER (Peterborough West): On what item may we discuss vitamin B in Canada approved flour?

Mr. MACKENZIE (Vancouver Centre): On the vote for laboratory analyses and services under the health branch.

Mr. FRASER (Peterborough West): Thank you.

Mr. CHURCH: I have had considerable correspondence with the minister regarding air raid precautions. With all due respect, there should be some revision in central Canada of this work. The government has given a lot of money to the provinces and municipalities for equipment in connection with A.R.P. work. No doubt they have done a great deal of good in connection with the war so far, especially on the two coasts and on the St. Lawrence, but in central Canada they have gone too far altogether with blackouts of one hour's duration. We had one in Toronto on the zero night, January 27. In England, which has now almost achieved air supremacy, and where there was a real need for air raid precautions, Mr. Morrison, the Home Secretary, made a statement in the British House of Commons last January that blackouts were to be curtailed and more lights permitted on the streets.

I have had a lot of correspondence with the minister regarding the very elaborate system of blackouts that we have had in the central cities in Canada, in the Toronto and Ottawa districts, and other places in the province of Ontario where there is now practcally no danger. Some people have been talking for years of an invasion by air from the north, from Hudson bay. I see that Mayor LaGuardia, who is on the joint defence board, made a statement in Edmonton to-day that there is no danger now of air raids from Japan on this continent. What he knows about it I do not know, but he is a member of the famous joint defence board. What I say is that this air raid precautions work should have been under the control of the military authorities in the different military divisions if there were any grave danger to the civilian population. When the war started I doubt whether there was a gas mask in many of the districts in Canada.

I think we should have a statement from the government with respect to these hour-long black-outs, which take up so much of the time of the police force and take county judges away from their judicial duties. Some of the police force spend two-thirds or all of their time on this work of air raid precautions, so much so that they have not the time to attend to their proper functions of protecting the civilian population, with the result that several people have been killed on the highways by cars travelling at excessive rates of speed when there were not sufficient police to attend to their heavy civilian and other police duties. But now those in authority are beginning to hearken to the call. Queen's Park has announced that the black-outs are to be cut down to twenty minutes or a half-hour. I think the minister should amend this order in council in this district and make a statement about the whole thing. What is the necessity in central Canada for these long black-outs which cause a lot of suffering to people in hospitals and

the sick? It may be necessary and is wise to provide air raid precautions equipment for the Atlantic and Pacific coasts and the St. Lawrence. I want it clearly understood that I am not criticizing the splendid work of the volunteers who engage in this work. They are patriotic people who are giving their time free, but we should have some more reasonable situation in reference to black-outs in central Canada.

Mr. FRASER (Peterborough West): Will the minister give us a breakdown of this item?

Mr. MACKENZIE (Vancouver Centre): If I may reply first to the hon. member for Broadview, possibly some other people share his opinions, but I certainly do not. I would like him to recall the early days of the war when the cry was practically unanimous that we were not doing enough in civilian defence, and even a year ago, faced with a menacing situation, the department which is responsible for this work was criticized for not having made ample preparations. Under the most efficient and devoted work of the late Doctor Manion, an organization has been built up of one-quarter of a million splendid voluntary workers throughout the dominion, men and women who are rendering magnificent service, and who should have the eternal gratitude of the Canadian people for the work they are doing outside of their regular working hours for the most part and doing it without any compensation whatsoever and with very little glory attached to it, their satisfaction being the knowledge that they are rendering a fine service to their country.

Most of the equipment that will be required is provided for in this year's estimates. I anticipate that later on the same amount of equipment will not be required as justifies the amount here. This equipment was ordered last year and has not yet been delivered.

In regard to the second point mentioned by the hon. member for Broadview, I agree with him as to the length of the black-outs. I think an hour's black-out is too long, but that is left entirely to the provincial authorities. There is no interference from the director's office in Ottawa in regard to the length of the black-out. The authority is delegated to the provincial premier or the provincial attorney-general as the case may be, whose officers are in liaison with the defences services. They arrange a time which they consider prudent for holding a black-out. I understand that in Toronto they have decided that in future the black-outs will not be of such long duration as the last one, which lasted one hour.

[Mr. Church.]

Mr. CHURCH: I appreciate what the minister has said. So far so good. But if the minister wants to delegate these powers to the provinces and give them such wide jurisdiction over the liberty of the subject in time of war, he must take the responsibility for it. I can tell him this, that placards are put up in every residential district in every municipality in central Canada which are issued, according to the wording on them, under the authority of the minister. These long black-outs may be all right on the Pacific coast and along the St. Lawrence and the Atlantic seaboard, but there is not the same danger now in central Canada, and whoever it was announced that there might be an invasion by air from the north from Hudson bay had no basis for his apprehension, because there are no enemy bases there. A lot of it was simply ridiculous. I can tell you this, as a former chairman of the police commission of Toronto, that the police were so much occupied with all this federal work that a large number of them did not have the time to attend to their own police duties. Mounted police and others were so engaged, with the result that there was no way of checking reckless speeding all over Toronto district. Cars and trucks were passing my house all night long; they were going fifty to sixty miles an hour, and people were being knocked down and injured all over the city, while a great many police were away on this work. I ask only for more reasonable enforcement in central Canada. The minister is well meaning and the A.R.P. people are very good citizens, but they could be given more useful work of other kinds as well in the cities of central Canada such as Toronto and Hamilton, than they are doing.

As regards the order in council relating to black-outs, people of all classes have been summoned and some of them fined. Some of the fines are so large as to be ridiculous as well as inequitable. In the Toronto district the order was enforced to the letter; they were peeping in keyholes and back kitchens and all that sort of thing, whereas in England some of the streets and cars and buses are now lit up. Many people were haled to court. One of our own ministers of the crown was summoned to the police court and fined. A lot of this is not at all reasonable. I do not believe the minister himself believes in it. It has gone altogether too far. All the dominion did was hand over a whole lot of equipment. Now, some of these A.R.P. gentlemen want an increase of gasoline. It is time to make the black-out regulation more reasonable in central Canada,

and the order in council should be amended to provide a curtailment of the unreasonable exercise of these powers, which are delegated by the dominion, when it should retain the power itself and hand the matter over to the various military districts all over Canada.

Mr. FRASER (Peterborough West): Can we have a break-down of the item?

Mr. MACKENZIE (Vancouver Centre): Yes. I have the figures here:

Salaries, $35,000:		
Director of A.R.P.	$	8,000
Executive assistant		4,620
Administrative assistant		5,220
One clerk, grade 4		1,620
Three stenographers, grade 2		3,240
One clerk, grade 2		1,080
One clerk, grade 1		720
One office girl		420
	$	26,000
Additional assistance		9,000
Total salary list	$	35,000
Cost of living bonus	$	1,500
Contributions to unemployment insurance		150
Pamphlets, volumes and literature		200,000
Telephones, telegrams and postage		3,000
Equipment, orders placed 1942-43, but payment thereon required 1943-44		1,200,000
New equipment 1943-44		1,500,000
Respirators, civilian		2,250,000
Installations of sirens		50,000
Maintenance of siren system		50,000
Assistance to the provinces and municipalities		800,000
Sundries		25,000
Professional and special services		30,000
Special training A.R.P. workers		50,000
Materials and supplies		100,000
Freight, cartage and express		25,000
Transportation and travelling		20,000
Evacuation of persons from threatened areas		250,000
		$6,589,650

Mr. FRASER (Peterborough West): What does "equipment" cover? Does that cover gas masks?

Mr. MACKENZIE (Vancouver Centre): Purchase of equipment required for completion of the A.R.P. programme for 1943-44; estimated amounts required by items:

Firefighting equipment, et cetera	$	365,000
Stirrup pumps, et cetera		200,000
Anti-gas and gas decontamination equipment		200,000
Equipment for air raid warning system, sirens, et cetera		150,000
Medical and first aid equipment		150,000
Personnel equipment for A.R.P. personnel		350,000
Miscellaneous		85,000
		$1,500,000

Mr. FRASER (Peterborough West): That is mostly covered for each coast?

Mr. MACKENZIE (Vancouver Centre): Yes, mostly.

Mr. FRASER (Peterborough West): Supplied to the coastal cities and towns?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. HAZEN: Can we get a break-down of the aid to provinces, which I understand is $800,000?

Mr. MACKENZIE (Vancouver Centre): The total amounts expended from cash grants and accountable advances to assist in meeting the cost of organizing provincial and local A.R.P. organizations are as follows:

Prince Edward Island	$	10,804 60
Nova Scotia		34,853 10
New Brunswick		64,424 59
Quebec		111,380 32
Ontario		80,020 55
Federal district		4,074 48
British Columbia		110,898 97

Equipment and supplies, the total amount expended by provinces is:

Prince Edward Island	$	165,907 28
Nova Scotia		889,536 71
New Brunswick		619,119 86
Quebec		1,026,164 59
Ontario		654,241 04
Federal district		94,043 01
British Columbia		1,234,139 76

Mr. HAZEN: When did this commence?

Mr. MACKENZIE (Vancouver Centre): From the very start of the scheme.

Mr. HAZEN: Well, when is that?

Mr. MACKENZIE (Vancouver Centre): The commencement of the war, September, 1939.

Mr. MARSHALL: What was the amount allowed last year?

Mr. MACKENZIE (Vancouver Centre): Allowed to provinces?

Mr. MARSHALL: No; the amount allowed for this particular item.

Mr. MACKENZIE (Vancouver Centre): It was $5,450,000.

Mr. HAZEN: The total amount which has been spent for respirators, if I understood the minister correctly, is $2,250,000.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. HAZEN: There are some questions I should like to ask about those respirators, or, as I think I am correct in calling them, gas masks. How many gas masks or respirators

are there in the country? Who supplied them? How much was paid to each firm that supplied those respirators? Where are they kept? What steps are being taken to distribute them? Who is looking after the distribution?

When I was in Saint John about three weeks ago I saw some respirators or gas masks, which I presume were the ones that the government had obtained, on sale in the windows of some stores, and if I recollect correctly, the price was $1.75 each.

Mr. MACKENZIE (Vancouver Centre): It is $1.25.

Mr. HAZEN: To-day I received a letter from the common clerk of the city of Saint John enclosing a resolution which was passed by the common council of the city of Saint John on the 8th instant. I should like to bring it to the attention of the minister; it has to do with these gas masks or respirators:

> Resolved that the federal government be advised that the common council feel that respirators should be supplied free to all citizens of vulnerable areas, and that therefore neither the city of Saint John nor its citizens should be required to meet the expense incurred by the supplying of respirators but that all Canadians should share equally in this cost.

I bring this resolution to the attention of the minister in the hope that he will give it his serious consideration. I believe, although I am not speaking positively, that in Great Britain the gas masks or respirators were furnished free of charge to the citizens of certain districts. Why should the citizens of this country living in vulnerable areas be compelled to purchase these gas masks? It would appear that the government has spent, as I say, $2,500,000 for these masks, and they are not required by all Canadian citizens. There is some need for them possibly for citizens who are living in certain areas of Canada, but it seems hardly fair that in those districts where they may be required the government should ask citizens to purchase them at $1.25 each, when in other parts of Canada they will not be required. It is of course extremely difficult for many people with large families to purchase these masks at that price. It means that people who are well to do will get them while others who are not so well off will have to go without. The principle is not fair.

Mr. MACKENZIE (Vancouver Centre): This matter was carefully considered, and the solution adopted was to issue the masks free to those who could not afford to purchase them but to make them available at the price mentioned to those who could. The idea behind it was that greater care would be taken of the masks if people had the privilege of paying a small amount for them, if they could afford it. As to how many there are in Canada, I would rather not answer that question at the present time, if my hon. friend does not mind. They were supplied to us through the Department of Munitions and Supply. I do not know the source, but I will find that out. They are principally on both coasts and in reserve at the present time, those that have not been distributed. They have been distributed free to voluntary workers in the organization, and a certain number of civilians. It may be necessary to have a change in policy.

Progress reported.

It being five minutes after eleven o'clock, the house adjourned, without question being put, pursuant to standing order.

Thursday, July 15, 1943

The house met at eleven o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SELECTIVE SERVICE—RESIGNATION OF OFFICIALS AND EMPLOYEES

Mr. FRASER (Peterborough West):

1. Upon what date was the resignation of Mr. Elliott Little, director of national selective service, accepted by the government?

2. Upon what dates were the resignations of the following officials or employees of national selective service accepted by the government: S. T. Garside, E. L. Grabill, L. Holland, L. McGillivray, K. McTaggart, Carl Reinke, Robert Taylor, L. A. Wright?

Mr. MITCHELL:

1. Name—Date resignation accepted: Elliott Little, November 18, 1942.

2. Name—Date resignation accepted: S. T. Garside, May 31, 1943; E. L. Grabill, March 15, 1943; L. Holland, January 15, 1943; L. McGillivray, November 30, 1942; K. McTaggart, February 1, 1943; Carl Reinke, December 19, 1942; Robert Taylor, November 30, 1942; L. A. Wright, February 16, 1943.

QUESTION PASSED AS ORDER FOR RETURN

CANADIANS IN MERCHANT MARINE

Mr. PURDY:

What is the approximate number of Canadians, by provinces, now serving and who have served in the merchant marine during the present war?

BUSINESS OF THE HOUSE

SATURDAY SITTINGS

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

That on Saturday, the 17th July, 1943, and every Saturday thereafter until the end of the present session, the house shall meet at 11 o'clock a.m., and the order of business and procedure shall be the same as on Fridays.

Motion agreed to.

WARTIME INFORMATION BOARD

DISSEMINATION OF NEWS OF LANDING IN SICILY

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to direct a question to the parliamentary assistant to the President of the Privy Council. I intended to ask this question yesterday, but I do not think the hon. gentleman was in the house at the time, and I do not want to delay the matter further. It is in connection with a point he made in his defence of the wartime information board the day before yesterday, when at page 4722 of *Hansard* he stated:

The events of the last few days indicate how useful has been the cooperation of the press relations officers, the press associations, the correspondents of newspapers overseas, with the wartime information board at various points in the background, in seeing that the people of this continent got early news of the landing in Sicily, and also that the statements which were made have afterwards received early and favourable notice in the United States both in the press and over the radio.

I am informed that in the dissemination of the news of the landing in Sicily the wartime information board did not play a part, that the news came from the military press relations branches and then was disseminated in the usual way through the Associated Press and United Press and their Canadian associates, the Canadian Press and the British United Press, and other official news channels. The statement of the parliamentary assistant has caused considerable speculation, and I have noticed since preparing this question that there have been numerous editorials dealing with the matter—I see one in this morning's paper—as to what was actually meant by the phraseology the hon. gentleman used, as above mentioned. I should be glad if he would clarify his statement and indicate in what way the wartime information board played a part in the news of the landing in Sicily. I sent him notice of this question, and I should be glad to have this clarification whenever it is convenient to him.

72537—305½

[*Later:*]

Mr. GRAYDON: A few moments ago I directed a question to the parliamentary assistant to the President of the Privy Council. I did not notice at that time that he was not in his seat. Perhaps he could now give me an answer.

Mr. BROOKE CLAXTON (Parliamentary Assistant to the President of the Privy Council): Unfortunately I did not receive my hon. friend's notice of the question before I came into the house, and I should like to take this as notice and give him an answer to-morrow.

Mr. GRAYDON: I sent my hon. friend notice of my question.

Mr. CHURCH: That department ought to be abolished.

CANADIAN FORCES

LANDING OPERATIONS IN SICILY—ANNOUNCEMENTS RESPECTING PARTICIPATION AND COMMAND

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I should like to direct a question either to the Minister of National Defence or to the Prime Minister. I do so, not for the purpose of raising any controversy, but to place before the government the necessity of safeguarding Canada's place in the common war effort.

I understand that Canadian newspaper men were prevented from using the information that our first division had landed in Sicily. The Canadian Press dispatch from London last night states, under yesterday's date:

The Canadian first division which landed in Sicily last Saturday and now is fighting as part of Sir Bernard Montgomery's 8th army, has had more than three and a half years' training experience.

I am asking why announcements with respect to operations of the Canadian forces are made from London or from Washington. Does the Minister of National Defence not think that announcements regarding our Canadian commanders or Canadian troops should be made from Canada?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The question of my hon. friend is a very natural one at this time, and one the asking of which I appreciate. He will understand, and I believe the house will understand that in these military operations, where the armed forces of three or more countries are involved, there has to be in advance careful consideration not only of the plans, but also

the manner in which and the time at which matters arising out of the plans are to be announced. The procedure which is adopted is that the governments concerned receive some notice in advance of what is to be expected, and are also told that they will be advised of the time at which an announcement may be made. I think it is perfectly evident that an arrangement of that kind is essential.

But the difficult part of the whole procedure is that, of necessity, these plans are made in the first instance by the combined chiefs of staff, who meet in the United States, and also the chiefs of staff in Great Britain. They are the ones who indicate the information which is to be given out, and the time at which it is to be given out. That information is passed on to our military authorities here. From time to time additional information is sent by the Prime Minister of the United Kingdom to myself, personally, in a message which is marked "personal and secret" and in one or two instances "for your eye only." These are very secret communications, to keep the ministry informed of what is to be expected. They are to be kept very secret, indeed. That enables one to be prepared to make an announcement when the moment comes.

In preparing these statements the military authorities take into account what they regard as being important in the matter of secrecy.

Mr. HANSON (York-Sunbury): And security.

Mr. MACKENZIE KING: Yes, and of security—secrecy that is necessary for purposes of security.

In regard to the recent movement of troops to Sicily, our government was informed that for reasons of security it was the opinion of the military authorities in Great Britain that no reference should be made to Canadians participating in the assault upon Sicily. It is not for me to give to the house the reasons why the military authorities took that view, but the fact is that they did take it. It may be that it was felt to be inadvisable, for example, to let Germany know that Canadian troops had left Great Britain. There may have been other reasons. At any rate such information as I received indicated that the announcement would simply refer to allied forces. The first communique to be given out was to be given out practically in the following words, "Allied forces" under the command of General Eisenhower—I do not remember the exact words—have attacked Sicily. It was also mentioned that General Eisenhower would make a statement to the French people. I had advance notice of that statement. The statement General Eisenhower was to make to the French people was to the effect that "Anglo-American armed forces" had attacked Sicily.

As soon as these statements came to my notice, and to the notice of the Minister of National Defence (Mr. Ralston), we immediately communicated with the military authorities in Great Britain, pointing out that since we knew our forces were participating, Canada should be specifically mentioned. I asked and urged very strongly that the announcement should refer to "British, United States and Canadian forces" and that the announcement made to the French people by General Eisenhower should not be in the terms "Anglo-American forces" but rather in the terms "Anglo-American-Canadian forces." Might I add that I did that two days before the announcement was made. If I recollect aright, the announcement was made about midnight on Friday, and this was done on Thursday morning, when I had the first intimation. I took steps immediately by communicating with the High Commissioner for Canada, asking him to assist our military authorities in obtaining permission for the making of an announcement here, the moment the assault took place, that Canadians were among the forces attacking Sicily. I could get no satisfaction from the replies received either through the high commissioner, or those sent to the Department of National Defence by the military authorities.

As I said the other day, so far as the word from Great Britain was concerned we were left in the position where any announcement I was to make should be made on Saturday evening, some twenty-four hours after the Canadians had landed. I believe it is only fair that I should tell the house that on Thursday, realizing the seriousness of the whole matter, realizing that these communiques were to be issued by General Eisenhower, and that the United States government, as well as the British government, would have to take the responsibility for omitting any reference to Canadians, through one of our officials at Washington I got in direct touch with the President of the United States and pointed out that I thought it was an extraordinary thing that a communication should go from General Eisenhower without any mention of the participation of Canadian troops. The President said at once that he agreed entirely with the point of view I had taken, and that he would see to it that General Eisenhower was instructed to include mention of Canadian troops in the communiques he sent out. General Eisenhower was so instructed. Just why in the first announcement

the words "allied forces" were used, instead of "forces of Great Britain, the United States and Canada," I cannot say. But in the announcement made to the French people almost immediately after, I noticed that General Eisenhower did make specific reference to Canadian, as well as to British and American troops. That undertaking had been given during Friday, and had been communicated by me through the high commissioner in London to the British authorities—that the President of the United States had said he would see that in the announcements which were made by General Eisenhower mention would be made of the participation of Canadian troops. In the light of that undertaking I stated that I could not see why we in Canada should be precluded or why I should be precluded from telling the Canadian people that Canadians were participating. Despite that I was not authorized to alter the position to which I was committed by the information that I had received earlier from Britain. Then, as I told the house yesterday, an announcement was made by military headquarters in the United States which carried out the undertaking which the President said he would see was carried out. There was an announcement from military headquarters at Washington that Canadian, British and United States troops had made an attack upon Sicily. That arrived at a late hour, just immediately after midnight on Friday. When I heard the announcement made I felt that there was no obligation on my part, which would bind me further not to make an announcement to the Canadian people. I immediately made the announcement which I had hoped I would have had the chance to make to this House of Commons before it adjourned on Friday night.

I said yesterday that I am not criticizing anyone. I notice that one communication in the press has indicated that I was criticizing the United States authorities for having disclosed this information. I made no reference capable of that interpretation. I only thank the United States authority for having made public the information they did. What I cannot understand is why at the last minute I, as Prime Minister of Canada, could not get authority to make any statement and as a consequence was bound by the confidential information which I had received from British sources.

I am going to keep all the military secrets I can, but certainly so far as Canadian forces are concerned I am going to regard their services as being on a par with those of the British and United States forces, not necessarily in the extent of service they may render because of numbers, but from the point of view of quality and efficiency, and of right they are entitled to equality in all the statements that are made in reference to military service.

Mr. COLDWELL: May I just thank the Prime Minister for his very frank statement, but I would point out that he has not answered the question I asked regarding the announcement that the troops of Canada are taking part. I believe the Minister of National Defence said the other day that he could not give that information to the house, and yet this dispatch from London appears in the papers without any reference from our own government, from the Minister of National Defence or from anyone else. That was the point.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, I can say to the house that as far back, I think as July 1 or July 2, knowing of the operation which was impending and having regard to what I know to be the desire of the Canadian people to have as much information as possible with regard to Canadian participation, I sent a wire to Canadian military headquarters, which I think was followed up shortly afterwards by a wire to the high commissioner in England, specifically mentioning that it was highly desirable that as soon as the first communique was issued the Canadian Prime Minister or the minister should be in position to give the Canadian people, first, some idea of the number of troops involved; second, the identity of the formation and, third, the name of the commander. There were telegrams back and forth indicating that this was information which it would not be desirable to give at the early stages. On the eighth—I have some of the telegrams under my hand—we received a definite wire to the effect that information of that kind could not be released until it was indicated by the commander in chief at headquarters that it was not against the interests of security to do so.

Mr. HANSON (York-Sunbury): That would be the headquarters in Africa?

Mr. RALSTON: Headquarters in Africa. That refers to the subject I have mentioned. As I say, that was on the eighth. On the ninth we got further confirmation of that, this time from Washington. Nevertheless, on the eleventh I again sent a communication pointing out that I thought the time had come when we might possibly release this information. I may say that no reply has

come to that message which was sent on the eleventh. In addition to that, another message was sent asking that if we could not make the first announcement with regard to the numbers, the identity and the name of the commander, might we be informed as to when that information would be released by allied headquarters in North Africa so that it would be possible for the Prime Minister to advise the house that notwithstanding the fact that we were not able to give the information, it was anticipated that the information would be released within a short time or on such and such a date. No reply has been received to that either.

Then comes the dispatch to which my hon. friend refers, from a Canadian Press correspondent, which evidently was and must have been passed by the censor at allied headquarters and which I have to regard as a release by the allied commander of that particular bit of information. So far as information with regard to the name of the commander or the approximate number of troops involved is concerned, that still is under wraps, to use a colloquial expression, but it may be that at any time that may, to use another colloquial expression, "break" from allied headquarters. I wish we were in position to give the information here. It is difficult to understand entirely why this information cannot be given. I can imagine that there are good reasons why. And I am not assuming for a single instant, as I said the other day, that people are just being fussy about these things or trying to make it difficult or to be secretive. There is some good reason for it, as I said yesterday, and I think we have to believe that when the time comes the information will be released. That is the position in which the Department of National Defence finds itself.

I just want to close with this one statement. There was an indication in one of the newspapers yesterday that the Department of National Defence had had some hand in the withholding of this information.

Mr. HANSON (York-Sunbury): It said that the censorship was here. I could not understand it.

Mr. RALSTON: Censorship in the Department of National Defence; I think that was the indication. Not only has there not been the slightest bar put in the way of the release of this information, but, in the reverse, we anticipated that the Canadian people would like to have it and we were most anxious that it should be released. As I have said, a week before the operation we began to lay the grounds so that we might have an opportunity to make that announcement. I only wish it could be made publicly and officially now. I should have liked it if the Department of National Defence could have had the opportunity of doing it from Ottawa. But there is the situation. I should add this that I feel that if in any way the security of even one individual soldier in the Canadian forces is involved in the withholding of this information, then that is paramount to any consideration of the public getting it an hour or two earlier, or from one source or another. I have to be content with that.

I only hope that the information will come in some way. What I do hope above all is that it does not come irregularly, that is to say, that it does not come from some place when it has not been authorized by the commander in chief. I always fear that possibility when information is withheld so long. However, that is the situation. I have to believe that those who are in charge understand the reasons for the action which has been taken and the attitude which they have had to assume, and that the information will come as soon as possible.

Mr. HANSON (York-Sunbury): May I ask this question? Is this the position, that the department has information as to the numbers and units involved and as to the commander in chief, but that it is not permitted to divulge the information as yet?

Mr. RALSTON: That is the exact position at the present time. We have had that information, I should say, for more than four weeks.

Mr. HANSON (York-Sunbury): Is there any information with respect to Canadian casualties?

Mr. RALSTON: The only information that has been given is what is in the press reports—casualties slight.

Mr. HANSON (York-Sunbury): That, I suppose, is subject to the same limitations. The information with respect to casualties will be given through the same channels. Will there be details with respect to them?

Mr. RALSTON: I endeavoured in a statement given to the press the other morning to indicate the position in respect to casualties. A combined casualty list will not be published for some time; but notification of casualties will be given immediately to the next of kin in the regrettable and unfortunate cases in which there are casualties. The next of kin will be quite free to tell the local newspapers about it, and any reference which is desired may be made in the newspapers. The thing

that is objected to, and the thing with regard to which a definite arrangement has been made and an understanding given, at the express request of those who are in charge, particularly the British, is that for a considerable period compiled lists of casualties will not be published. People may gather together the local lists, but we will not publish a compiled list for some considerable time. One exception to that is that in the case of the missing; it is not desired that even the names of the missing be published by the next of kin, for the reason that was given at the time of Dieppe namely, that it may be possible that the man reported missing is still at large, and if his name is published it might give some lead which would accelerate action to apprehend him.

In answer to the direct question of the hon. member for York-Sunbury, I was going to say that our position in the Department of National Defence at the present time is that by express advice to us the names of the commanders and the formations and the numbers are not to be the subject of reference, but that these facts will be released at allied headquarters in North Africa when security permits.

Mr. BLACKMORE: It seems to me that one matter we ought all to keep in mind is that evidently the whole attack on Sicily has been executed with superb success. I gather from the bulletins this morning that our troops are at least twice as far as they expected to be at this time. Whatever the devices were which were considered necessary by the men in authority to obtain that laudable object, they certainly have been successful, and I believe that until we hear all the details it will be well for us here to contain ourselves in patience.

ARRANGEMENTS FOR DELIVERY OF PARCELS AND LETTERS TO TROOPS IN SICILY

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): Can the Postmaster-General inform the house if parcels as well as letters addressed to members of the troops now serving in Sicily will be forwarded to them?

Hon. W. P. MULOCK (Postmaster-General): I am glad to advise the hon. member that arrangements have been made for some considerable time for parcels and letters to be handled wherever the Canadian troops move. He will understand that naturally it will depend on the transport available. Mail will have to go first, and any available space which will be allotted, I presume, by the representatives of the British admiralty to the postal authorities in Britain will be used as far as possible equitably for the handling of parcels to the extent that space warrants it. Of course necessities, munitions and food, will come first, but any extra space will be utilized for the purpose mentioned.

JACKSON BUILDING

INQUIRY AS TO ELEVATOR ACCIDENT

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): May I direct a question to the Minister of Public Works? I understand that the Jackson building in Ottawa comes under his jurisdiction. May I inquire what steps have been taken to investigate the accident which occurred in that building yesterday when one of the elevators went out of control and caused injuries to a number of persons?

Hon. ALPHONSE FOURNIER (Minister of Public Works): I wish to thank the leader of the opposition for giving me notice of his question, but I received it just as I came into the house. I have not full information yet as to the accident, but an official of the department is investigating it at the present moment. The Turnbull Elevator company, which has charge of the maintenance and repair of these elevators, if I am rightly informed, has also an investigator at the Jackson building now inquiring into the accident. Later I shall make a further report.

Mr. GRAYDON: Is any inspection carried on by the Department of Public Works of the elevators in the public buildings here?

Mr. FOURNIER (Hull): Oh, yes. In addition to inspections by the company which has charge of the maintenance of the elevators, we have our own officials inspecting them regularly.

Mr. GRAYDON: I think the municipalities have some inspection system as well, and I wanted to know if the department had an inspection system in addition to that.

Mr. FOURNIER (Hull): I shall have full information in a day or two.

BUTTER BOXES

REFERENCE TO SHORTAGE IN QUEBEC PROVINCE

On the orders of the day:

Mr. J. H. LECLERC (Shefford): I wish to draw the attention of the government to the very serious shortage of butter boxes in the

eastern townships in Quebec and perhaps in the whole province. Most of the creameries carry a stock of butter boxes through the winter, and we had an order for a lot of butter boxes to be delivered just as soon as the roads opened up in the spring. These boxes have not yet been delivered. On Monday I called up all the box manufacturers in the eastern townships and was informed that they were all running behind in their operations by about twelve weeks and that we could not get butter boxes. I know that all the creameries are in the same position. The Megantic Manufacturing company, which is quite a large manufacturer of butter boxes, informed me that they were running at only fifty per cent of last year's capacity owing to the shortage of labour. Because of high wages elsewhere they cannot keep their help. The Cooperative Fedérée of Montreal, at Victoriaville, are manufacturing butter boxes, but will not deliver any to us. The situation is very serious, and I hope the government will do what it can to provide a remedy.

There is another question I want to bring before the house, the shortage of fuel wood in Granby.

The SPEAKER: Order. I allowed the hon. member some latitude in regard to butter boxes, because he stated that there was an emergency situation.

Mr. LECLERC: So there is in wood.

Mr. SPEAKER: I think that question might be raised at some other time, and placed on the order paper.

Hon. T. A. CRERAR (Minister of Mines and Resources): I know nothing about the butter box situation referred to by my hon. friend, but I shall endeavour to get the information for him to-morrow.

TUG "M. V. ERG"

INQUIRY INTO SINKING IN BEDFORD BASIN

On the orders of the day:

Mr. GORDON B. ISNOR (Halifax): Is the Minister of Transport prepared to make a statement in respect to the findings or report on the inquiry conducted by Captain A. W. Hilton concerning the recent sinking of the *M. V. Erg* in Bedford Basin, with the loss of nineteen lives?

Hon. J. E. MICHAUD (Minister of Transport): Captain Hilton has made a report on his investigation into the sinking, and on reading the report I felt that a public inquiry should be made. This morning orders have been given for such an inquiry immediately.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Wednesday, July 14, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

Industrial hygiene, including inspection of industrial plants, $24,000.

Mr. FRASER (Peterborough West): This item is for only $24,000, and I think it should be at least ten times that amount. I mentioned this in the house before, and I say again that industrial workers throughout the whole of Canada should have—

Mr. CHURCH: I rise to a point of order. I wanted again to call a matter under the previous item to the attention of the Chair last night, but it was five minutes past eleven. I wish the hon. member would allow me to say something; he interrupted me three or four times last night. On a point of order I draw attention to the fact that five minutes past eleven last night I wished for two or three minutes to refer further to the views of the minister regarding blackouts. I waived my opportunity to speak because of the lateness of the hour. I shall occupy only two minutes this morning. I could rise to a question of privilege.

The CHAIRMAN: Order. I did not hear the hon. member.

Mr. CHURCH: I understood from the minister himself that the last item did not carry.

The CHAIRMAN: I gather that what the hon. member contends is that item 7, air raid precautions, did not pass. Is that his point of order? Well, I was not in the chamber at the time; the hon. member for Shelburne-Yarmouth-Clare was in the chair; but I believe it would be in order for the hon. member for Broadview to make a short statement.

Mr. CHURCH: Has the minister any objection?

Mr. MACKENZIE (Vancouver Centre): Go ahead.

Item stands.

Health branch—
Air raid precautions, $6,589,650.

Mr. CHURCH: Mr. Chairman, if I may be allowed, I would say that I have no objec-

tion to blackout precautions or to the A.R.P., and I never had any. My contention is that they should be instituted only if necessary in central Canada. To show my position in the matter, let me say that I was the first person who raised in this house—in September 1939—the question of a home guard and the protection of provincial and municipal property on the same lines as in the last war. I find that the minister has been very fair in this matter. I call attention to the fact that away back in 1938 I raised this very subject during the discussion of the minister's estimates, on March 24. I then said, in part:

More consideration should be given to air defences. There is not only the possibility but a great probability that air raids will occur in the next war in which Canada is involved. The defence of our population from air raids should be considered. These raids will be the chief source of danger in all future wars, and we shall be living in a false paradise if we do not adopt measures to protect ourselves. Abyssinia was recently a theatre of war, and we all know the destruction of civilian population that occurred through this means of attack. Abyssinia is an open country with only a small density of population as compared with what there is on the island of Montreal and in other parts of Canada, and yet great damage resulted.

Air raids can work great havoc in time of war, and the menace will be a very real one in Canada, especially to the people of Quebec, the maritimes and British Columbia. I am glad that some preparation, although it may be only a beginning, has already been made by the minister to meet this danger. I know he has been out looking over the camps. A fleet of aircraft could pass up the Ottawa river without a moment's notice and blow up these buildings, the Chateau Laurier, the railway station and other large buildings. We should have very little warning of the approaching attack.

I was urging the establishment of a home guard.

Consultation and advice are words that are much used by the government nowadays, but we would not be consulted about any air raids that were contemplated against Canada. The enemy's aircraft would be upon us before you could say "O Canada," or sing God Save the King. An aerial bombardment is one of the dangers most to be apprehended in time of war, particularly in large cities with their dense populations; the protection of cities from aerial bombardment should be one of the chief objectives of the national defence department and proper equipment for defence against this menace should be provided. Probably the minister will have something to say about that later on.

Large quantities of poisonous gas could easily be spread over a large area as was done in Abyssinia, and incendiary bombs dropped on our large cities, with great destruction and slaughter, and the enemy aircraft could get back to their base in practically no time. These attacks would not only bring ruin to our cities and towns but break the morale of our people and prevent us from developing a proper defence and mobilizing our man-power and armaments.

In conclusion, I have never made any criticism of A.R.P. I referred last evening and last session nine or ten times to the good work they are doing. I did urge, however, that in central Canada the one hour blackout is too long. The British government has removed most of these restrictions, as Right Hon. Mr. Morrison, Home Secretary, said. In the Toronto district however one hour blackouts are enforced very strictly, and as we know, one of our own ministers was fined here for smoking his pipe. Yet, as has been pointed out by the Toronto papers at the time, a year ago:

Over in London, where they are a lot closer to nazi bombs and airmen than we are, and where they know a lot about blackouts, people are not forbidden to smoke pipes, or even cigarettes, in the streets. Actually, there are lights—green and red light crosses—at all the intersections of London streets, and most people go about with pencil flashlights. More than that, on Britain's country roads people drive about at night with suppressed or limited headlights on their motor cars.

I have not objected on any occasion to my friends the A.R.P. people. The statement I made was clear and I think it was quite fair. As I said, there is no such thing as home defence, as was proved when the mechanized hordes of Germany invaded the low countries. I do object to some of the newspaper reports. I refer to references in two or three papers in the Montreal district, regarding my stand on this and other questions. I ask the minister if I have on any occasion objected to the A.R.P. people. I have been a warm supporter of home defence and the good A.R.P. work and the minister's policy.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): I am very glad to agree with my hon. friend. I have received from him complete cooperation at all times, although he thinks that blackouts have been carried out too extensively over the whole area; apart from that I have had complete cooperation.

Mr. HANSON (York-Sunbury): Was this item passed last night?

Mr. MACKENZIE (Vancouver Centre): Yes, it was carried last night.

Mr. HANSON (York-Sunbury): It is not so shown in *Hansard;* I have just looked it up.

May I say that I have always thought that A.R.P. was a good precautionary measure in the early stages of the war, but I do suggest that the thing might very well taper off now, when the danger of invasion has passed. As long as there was danger of

invasion our people were quite justified in going as far as they did, and I would not like to see our precautions relaxed on the Pacific coast. I do not speak with any authority, but my partner happens to be the head of the A.R.P. organization in my constituency; I know the interest he takes in the matter, and he now thinks it ought to be washed out, and I hope it will be.

Mr. MACKENZIE (Vancouver Centre): My hon. friend was not here last night when I made reference to the very happy change in conditions in Canada. He will recall as well as I do that I was severely criticized a year and a half or two years ago, and there was an eloquent appeal from the leader of the opposition that the government form a ministry of home security.

Mr. GRAYDON: I meant every word of it, too.

Mr. MACKENZIE (Vancouver Centre): I am not critical of that; I thought it was a constructive suggestion, but I am pointing out the change in conditions in the dominion and the change in the thinking of our people. At the same time, the responsibility is mine and we cannot afford to relax our efforts. I do not think we should expand any more. As I pointed out last night, as regards equipment, this year's estimates provide for practically all that we shall require, and the estimates will go down from now on for A.R.P. work. There is no intention of expanding, but, I repeat, it is my responsibility to support the volunteers, especially on the two coasts, in Quebec, New Brunswick, Nova Scotia, Prince Edward Island, British Columbia and parts of Ontario, in the splendid voluntary efforts they are making on behalf of the nation. We cannot afford to be extravagant, but on the other hand we cannot afford to be complacent.

Mr. GRAYDON: I am fairly close in my own part of Canada to A.R.P. work. In parts of my own constituency there is an excellent organization. There has been, from the early part of the war until now, a sort of esprit de corps among the civilians flowing from A.R.P. precautionary measures, and I am inclined to think that whatever else they may have contributed, and I am not by any means limiting their contribution to this, they did provide an outlet for patriotic and serious-minded Canadians to make some physical move such as is manifested in the work they are doing in this field, which was particularly within their scope. Many of these men were of course veterans of the last war. A good many of the leaders in A.R.P. work throughout Canada are returned soldiers. It was a normal and a natural thing therefore for these men, when this war broke out, to wish to get into work of some kind, into the army if possible but having been denied that on physical grounds they sought some other means of helping their country, as they had done in previous years.

The A.R.P. work has developed to the point where, in my opinion, Canadians may properly take a good deal of pride in the organization. I realize that one of the great troubles with the minister, and the late head of air raid precautions, was the fact that when the reserve army had been brought to the point where public recognition was given it in any major degree, and where the public, by various public relations measures and by appeals, had contributed to the enhanced importance of the reserve army in the estimation of the Canadian people, especially when the men were given uniforms and were thus more closely approximating actual war activities, the A.R.P. organization felt the drain very heavily upon their ranks, when men began to move into the reserve army. That naturally made it more difficult to keep the A.R.P. organization alive. But there was another factor which entered into the picture, as the hon. member for York-Sunbury has pointed out, namely, the growing conviction in the public mind of the danger of air raids to Canada. That was another factor which must have made it still more difficult for the head of the A.R.P. organization to keep it functioning.

We may properly pay tribute to Doctor Manion and his organization in connection with A.R.P. work. I mentioned before, and I refer to it again, the indomitable enthusiasm of Doctor Manion. Whatever may be said about the late lamented Doctor Manion, one fact that does stand out, in addition to the many other qualifications he had, was that when he undertook a job he threw every bit of energy and effort into it, and, what is more important, he devoted to it all the enthusiasm he possessed. I remember when he was first appointed how satisfied the minister was because he had been able to induce Doctor Manion to take on the work. I can remember too the time, two or three sessions ago, when I must confess I shared the view that was held by a good many people, and I am not so sure that it was not also the minister's view. At any rate, he kept his head cool while the debate was going on, but I must admit that I felt at that time that Canada was in a very dangerous position in regard to air raids. There was plenty of evidence from time to time to show that from various parts of the western coast of Europe German bombers could come over with their loads of destruction and return. That caused a great deal of fear in

the minds and hearts of Canadians generally, and I for one felt—as I say, I am not so sure that the minister did not also feel—that some real move should be made to safeguard our people in the event of some untoward action, so that they might be adequately protected as far as humanly possible. Having in mind the steps that were then taken, and the renewed effort that was made in connection with A.R.P. work and its development to the point where Doctor Manion left it, I do not think that we should relax our efforts at this time. When we are nearing the end of hostilities we may be able to form a different judgment, but particularly in my own part of the country, which is the only part I can speak of with any degree of accuracy or of actual knowledge, I do not think it would be regarded as a wise move on the part of the government to relax the efforts that are now being made. I say this not only for security reasons but because A.R.P. work has proved an outlet for the activities of those of our citizens who wish to contribute to the war effort.

May I point out that we are not by any means out of the woods. It is quite true that we have reached the end of the beginning and are now at the beginning of the end, but we may find this period through which we are now passing a grave one for our people, however optimistic we may feel. We may have to go through several periods of great difficulty so far as the war in general is concerned. It may be that we shall have set-backs which to-day we cannot envisage. In the days that lie ahead we may find that this continent must suffer air attack, because before Germany is beaten to her knees she will take many long chances and many retaliatory measures, one of which may be the bombing of defenceless people on this continent. If that is the case, and I am only throwing that out as a possibility, then I suggest to the government that we should not relax until we have seen the war move closer to a successful conclusion. Until that time I believe we should continue all these precautions which are necessary for the security of the average individual in this country who is doing his best on the home front.

Mr. REID: It is not my desire to hold up the estimates of the minister, but I should like to add my word of praise of that great band of workers who have done so nobly in connection with A.R.P. work. It is not generally recognized, nor do I think it has been mentioned during this debate, that if a raid should take place the A.R.P. workers will be the first line of defence. Some people seem to think that our home defence army will be called into action first, but in the event of a raid the A.R.P. will be in the front line of battle, for they will be called into action immediately the raid takes place.

The hon. member for York-Sunbury pointed out that the government might relax its efforts in some districts. If that should be done I suggest to the minister that he should strengthen the organization in other districts, because to my mind the danger on the Pacific coast is not yet gone. I speak as a layman, but sometimes a layman may have a better understanding of the situation than some of our generals. I remember very well that when General Stuart went to the Pacific coast about two years ago and was told about the Japanese on Kiska, he laughed and said, "Oh, that little thing; that does not mean anything." Yet the other evening in his address to the House of Commons the Prime Minister stated that Kiska was a very important strategic point for the Japanese, and to-day no one can tell what may happen in the Pacific area. According to my information the strength of the Japanese remains intact; therefore I would suggest to the minister that if there are districts in which A.R.P. precautions may not be necessary, he take the money from those districts and spend it where we believe this organization should be strengthened. Those who are doing A.R.P. work have never received official recognition. Rifles and uniforms have been given to all other voluntary bodies, but the A.R.P. workers have had to put up a long fight in order to obtain the assistance they are being given to-day.

I just wanted to take this opportunity to expresss my thanks to that body of willing workers who are not officially recognized and who I think deserve such recognition.

Mr. GRAYDON: You will have plenty of support in that.

Mr. HANSELL: I wonder if the minister could enlighten the committee in regard to what A.R.P. work is being done in the smaller communities. The hon. member for New Westminster has mentioned the Pacific coast, where there are some large cities. When we think of bombings we usually associate them with cities such as Vancouver, Halifax and so on, but I believe there are many very important small communities that might become the objectives of the Japanese air force, let us say. I need make no secret about it; I do not suppose it is any secret that in Alberta, for instance, there is a chain of air training schools running from the United States boundary all the way up to Edmonton and perhaps beyond that point. These schools are closer to Kiska island than either Vancouver or Victoria. These air training schools are not

built out in the wilderness; they have very fine locations, and some are adjacent to small communities. Of course I do not know whether these schools would be regarded as military objectives; I do not know what value they would have as such. I know they do not constitute forts; they do not constitute munitions works, but they are highly specialized schools for the training of airmen, and there are many of them; make no mistake about that. Not very long ago I told one Liberal member here that I had six air training schools in my constituency. He was very much surprised, and wondered what I had done to get so many of these establishments located in my territory. I did not do a thing about it, but I believe the authorities used good judgment in putting them there. That is just my constituency; there are many other schools right along the mountains, where facilities for air training are good. If those air training schools should become the objectives of the Japanese air force, certainly the small communities near by would get it also. So far as I know the only thing that has been done is to train the people of those communities to put out their lights during blackouts. I do not know whether it is a very difficult undertaking to train people to turn out their lights, but in any case I should like to know whether anything more has been done.

While I am on my feet I should like to ask the minister for further information on another matter. This may not come under his department, but I am sure his knowledge extends beyond his own department. Are facilities available for giving plenty of warning in case a raid is made? I have in mind that a fleet of bombers, starting from somewhere off the Pacific coast, could follow a route clean across southeastern Alberta. Those bombers can fly several hundred miles an hour, as we know; they could cover a thousand miles in a very short time. How are these small communities to be warned in time to give adequate protection? I should like the minister to tell us what facilities have been established in that regard. I have no doubt there is some organization looking after that matter, but there is a great danger of focusing our attention upon some large metropolis and forgetting these small but strategic places.

Mr. MACKENZIE (Vancouver Centre): Referring to the first question, there are certain areas in Canada which have been designated by the chief of staffs committee as either subject to definite risk or lesser risk. Of course the two coasts would be subject to definite risk, and practically all the coastal areas are under the A.R.P. system. In regard to the other areas, in British Columbia alone there are 139 local centres where they have air raid precaution organizations. In Canada altogether there are 633 areas.

In regard to the second point raised by the hon. member, having to do with training camps, may I say that the air force authorities have organizations of their own which are trained along similar lines to the air raid precautions organization, and they look after situations such as have been described by the hon. member. That area as such, however, does not come within the definition of a designated area, under the jurisdiction of this department, or the air raid precautions system.

As to the further point raised by the hon. member, may I point out that the air raid detection corps in Canada works in absolute liaison with the air raid precautions authorities. I know that in British Columbia, after some experiments, we found we were able to have the whole area blacked out inside of three minutes, through the use of most excellent telephonic communications. I believe, roughly speaking, I have replied to the points raised by the hon. member.

Mr. DIEFENBAKER: I should like to make one or two references to this item. Before doing so however may I say that in my opinion the work being done by air raid precautions wardens is of so commendable a nature that it has earned the gratitude and approval of all hon. members. Recently I had the opportunity of seeing what is being done in Ottawa. I visited an exhibition given one Sunday in connection with fire-fighting, and at that time I saw some of the work these men are doing. There is no glamour in the work they do. But they give hours of patriotic service, with no incentive other than the desire to contribute something at this time so that they may prepare themselves to protect us, should conditions make necessary the use of their knowledge. Nothing destroys discipline in any organization so much as the work of that organization becoming merely routine. In those circumstances enthusiasm may be lost, and all they have left to impel them to continue their efforts is their own appreciation of what they are doing. I do feel that there should not be any relaxation in the efforts of these men, many of whom were soldiers in the last war, and who in this way find an opportunity of doing something which otherwise would be denied them, namely the opportunity of serving in the only capacity for which they are fitted.

While at the present time we are in a period of what might almost be described

as apathy in Canada so far as the danger of air raids is concerned, I cannot help recalling that only three months before Pearl Harbor a former member of Japan's intelligence service informed the members of the united nations that there would be a Pearl Harbor. He warned, too, that the Aleutians would be occupied. The hon. member for New Westminster has pointed out the strategic importance of the occupation of those islands. In addition to that he warned it was part of Japan's plan to bomb Pacific coast cities, down into the United States.

As the leader of the opposition has said, when the war approaches a crisis and the axis nations begin to appreciate that the sound of doom is about them, they may commence air raids merely because of their nuisance value. They may distribute gas in this way, and at such time, if it ever comes, the efforts of these men will be appreciated by the people of Canada. If we were to relax in this work or give it up we would invite the very thing the air raid precautions organization was intended to prevent.

May I ask the minister whether or not the various munitions plants in Canada, or any of them, have been warned about the dangers of air raids, and the necessity of making an appeal for volunteer blood donors?

Mr. MACKENZIE (Vancouver Centre): Both things have been done. They have been warned in regard to both points mentioned by the hon. member.

Mr. DIEFENBAKER: Very well. In that connection I shall read a paragraph from a magazine published by the war plant at Cherrier, Quebec, operated by Canadian Car and Munitions. I shall not read the portions which I have already brought to the attention of the Minister of Pensions and National Health, but I would draw attention to the following advertisement:

> In our last issue we made an appeal for volunteer blood donors. . . . We want volunteer blood donors to form a blood bank, in case of emergency. Your blood—
>
> I delete a few words—
>
> —will serve here in Canada, if ever we undergo air raids or other war calamities. We have no guarantee that before the war is over Montreal, Joliette, Three Rivers will not be bombed. Suppose these air raids take place and that your wife, girl friend, or a loved one is hurt, and that a blood transfusion would save her or his life, if there is no blood, because when it was time, you did not volunteer to create the necessary blood reserve.

Is there any blood donor campaign in Canada to-day, in any of the war plants, where blood is being asked for, to be used only in Canada in the event of air raids, and not to be used in the various theatres of war overseas? If, as the minister says, the plants have been warned about the dangers of air raids in Canada, then the situation must be a great deal worse than most people in Canada believe it to be to-day. If a warning has been given as to the necessity of securing blood bank supplies to be used only in Canada, then the minister or the government must be in possession of information which would indicate that there is a serious danger that air raids may occur. Would the minister give an answer to the committee and to the country in regard to this matter?

Mr. MACKENZIE (Vancouver Centre): As to the hon. member's first question, I understand there is a security division in all munitions plants operated under the Department of Munitions and Supply. The main function of such divisions is exactly that mentioned by the hon. member. May I inform the hon. member that we have produced, to date, approximately 100,000 bottles of blood serum, part of which has been distributed to strategic centres in Canada, and all of which is available for any eventuality.

Mr. DIEFENBAKER: For overseas.

Mr. MACKENZIE (Vancouver Centre): Part of it has gone overseas. There have been received from the Connaught laboratories 79,174 bottles or cans of dried serum, 1,561 bottles or 223 boxes each containing seven bottles of serum, an equal number of distilled water and four giving sets have been dispatched overseas to date. Supplies are now in hand to dispatch similar boxes at the rate of 1,000 units of dried serum per week. There have been distributed in Canada and Newfoundland at strategic points for the armed services and civilian use when necessary through national catastrophes or enemy action, 39,131 bottles. The exact distribution is not disclosed because of the need of security. Competent authorities in every district and command, including A.R.P. and Red Cross, have knowledge as to their availability. There have been transported overseas 40,043 bottles.

Mr. GRAYDON: Having in mind what has been said in the committee this morning and which represents, I believe, the general view throughout the country, as to the necessity of keeping our air raid precautions intact in view of a possible dangerous situation arising a little later, I suggest that it would be advisable for the government not to postpone any longer the appointment of a successor to the late Doctor Manion, who was acting as director of air raid precautions. I am afraid that if this appointment is delayed for any considerable length of time, those

who are connected with this work may take it as evidence that the government has in mind the disbanding of the whole organization. That is not the proper attitude to take. If the government is desirous of keeping up the esprit de corps of this organization it should appoint as quickly as possible some outstanding Canadian citizen, as it did in making the previous appointment.

Mr. MACKENZIE (Vancouver Centre): I made a recommendation to council a week ago, but because of other duties I was not able to be in council for the last two days. I may say that council has approved the appointment of General Alexander Ross, of Saskatchewan, formerly president of the Canadian Legion.

Mr. McIVOR: I rise at this time on behalf of the people in my constituency to pay a tribute to the former director of A.R.P. We were heartsick when we heard of the sudden call of Doctor Manion to his "well done, good and faithful servant." That was his last task, and with all his brilliance he carried it out most efficiently. I do not think any public man from the head of the lakes has received a greater tribute from the public generally and from the press than did Doctor Manion. I was sorry I was not in the chamber before, but I take this opportunity of paying my tribute to him because he was one who was worthy to be trusted, and he was one who merited commendation.

Mr. ROSS (St. Paul's): I agree with the minister that this A.R.P. work should not be disbanded. We should not have any feeling of complacency about it. Things change quickly these days; new methods come along, and we do not know from day to day what is going to happen. As the minister remembers, during the early stages of the war I was most insistent upon something being done in connection with A.R.P. The people of Toronto were upset because of the number of factories in their immediate vicinity and their proximity to Niagara Falls. We cannot say that all danger of bombing has disappeared so far as our city is concerned; it is still within the bounds of possibility that something of the kind may happen.

I should like to pay a tribute to the men and women of Toronto who have given of their time to this work, and also to the members of the police force. The inspectors of the different divisions have given lectures which were most helpful, and generally an esprit de corps has been built up which is a credit to the citizens of that city. These people have attended lectures after doing their day's work to learn about gases, first aid, fire fighting and so on. We should consider this expenditure as an insurance premium and hope that we will never have to make a claim. In order that this esprit de corps may not be lost, in order that these A.R.P. wardens may retain their enthusiasm, something should be done toward directing their efforts in some other direction. They could be used in some other form of useful war effort, especially in those places which are not in such great danger. I do not want it to be thought that the policemen and the firemen of Toronto are tired of this work; they have been most enthusiastic about it, and I think they welcomed an opportunity to participate in A.R.P. work.

Mr. GREEN: The turn the discussion on this item of $6,589,650 for air raid precautions has taken is disquieting to me. Some hon. members have contended that we should cut down on our expenditures and relax our A.R.P. work. That is a most dangerous outlook, one which I wish to repudiate at once. Many hon. members have adopted an apologetic attitude toward this work; they do not seem to understand why it is still necessary. My home is on the Pacific coast, and in that regard the minister and I are in the same position. When I wake up in the morning frequently one of the first things I think of is whether my home city has been bombed. That is no idle fancy. The hon. member for New Westminster (Mr. Reid) referred to the statement made by the Prime Minister on July 9, and I quote his words as reported on page 4556 of *Hansard:*

> Kiska remains a potential centre of attack upon our shores, and upon other parts of this continent.

Larger planes are being built, and planes that can fly greater distances, and it has been admitted that it would be comparatively easy for an aeroplane carrier to slip up to within bombing range of the Pacific coast. It might not get away again, but the planes from such a ship could do great damage. I urge upon the minister that he pay no attention to these doubting Thomases. I urge him not only to carry on the air raid precautions work that has been initiated, but to go much farther. For example, I believe it is only within the last few days that the air raid wardens on our coast have received uniforms, and I understand that only a small number of them have been fitted out with these.

Some complaint has been made about blackouts being too long. For goodness' sake let us put up with a little inconvenience in order to make dead sure that we can have an efficient

blackout when the need arises. The organization of air raid precautions is not yet perfect; it is far from perfect, and I think the minister would be the first to admit it. From the start, it has been difficult to organize because there has been divided authority between the dominion, the provinces and the municipalities. It has been a great stuggle to get this work going at all, and I do urge upon the minister that further efforts be made to improve the general organization.

The government is to be congratulated on appointing General Alex. Ross as director of air raid precautions for Canada. I had what I consider one of the greatest privileges of my life in being able to serve under General Ross in France during the year 1918. He is an outstanding leader of men, probably one of the finest leaders of men that Canada has produced in our generation. That at least is my personal opinion. I believe in General Ross—Turkey Ross, as he was known to the troops—I believe in him right through the picture. He is no yes-man—the minister knows that, the men of the Canadian Legion know that. He will make demands on the government and he will be pretty tough about those demands. He will want to get proper backing, and I urge upon the minister that he stand behind General Ross in this work. The minister has already had an excellent director in the late Doctor Manion; he could have had no better man. May I urge upon him that he stand behind Doctor Manion's successor, and if he does we may take it for granted that the air raid precautions work in Canada will be carried on in an efficient manner.

Mr. BRUCE: I wish to associate myself with the tribute which has been paid by the leader of the Progressive Conservative party to the work done by Doctor Manion and by the wardens and others who have assisted in carrying out the air raid precautions work throughout Canada. Amongst them were members of the St. John Ambulance Brigade, who have been very active in every part of Canada and have done excellent work.

May I say a few words in support of the statements made by the hon. member for Broadview (Mr. Church) yesterday, when he called attention to some dangers and difficulties in connection with the blackouts. While I would not for a moment wish to disagree with the hon. member for Vancouver South (Mr. Green) in regard to the necessity for blackouts on the Pacific coast, and also the Atlantic coast and in Quebec province, yet I think that the blackouts in the interior of Canada might very well be shortened in duration; for instance, in the big cities like Toronto, Kingston, not forgetting Ottawa, and perhaps Montreal. But that is a matter for the department, and having said a word in regard to it I am quite willing to leave it to the judgment of those in authority.

I have asked a few questions about A.R.P. work which have not yet been answered, but I presume I may expect an answer shortly from the minister.

Mr. MACKENZIE (Vancouver Centre): I have a memorandum here, but I have not yet analysed it.

Mr. BRUCE: Then I will not ask for it at this time; it can be supplied later.

I am satisfied with the statement made earlier this morning by the minister when he said that this work would be continued in the maritimes, in Quebec and on the Pacific coast just as actively as it had been done heretofore, but less so in the central provinces where less expenditure may be made. It was this question of the reduction in cost to which I wished to call attention in one of the questions which I asked in regard to this work. I want to commend the minister himself for the work he and his department have done in initiating and carrying through the work of A.R.P.

I would like while on my feet to refer—if it is necessary I will do it on a question of privilege—to what was said by the hon. member for Brantford City last night in my absence from the house. He apparently got the view that I was making a personal attack on the minister. I want to disavow any such intention, and if my words created any such impression I am very sorry. I only wished to bring to the minister's attention as forcefully as I could the reasons why I, in common with a large body of opinion in Toronto and elsewhere, was opposed to his going ahead with additions to Christie Street hospital. Perhaps he had reference to the words I used in regard to a monument in Toronto. If so, I would say to the minister that he can very well change the character of that monument if he will do as we suggest, put up a new building, and I am quite willing then to propose that it be called the Mackenzie Military hospital.

Only one word further in regard to the argument of the hon. member for Brantford City in support of his opinion that noises would not interfere with the use of a stethoscope. I think possibly the word of a consulting physician who complained to me would be taken as of more value than that of the hon. member for Brantford City.

Item agreed to.

Health branch—Industrial hygiene, including inspection of industrial plants, $24,000.

Mr. FRASER (Peterborough West): Mr. Chairman, I hope we are on the right item now. This item was read out before and I rose to speak but I was interrupted. I said when I spoke before that I think the amount of $24,000 is entirely too small for this purpose and that it should be at least ten times that much. The reason I say that is that the health of the workers in our plants is not really looked after as it should be. That is why we have so much absenteeism. Many of the young boys and young girls who go into these plants have not had their fathers or mothers teach or show them the proper methods of keeping in good health. Therefore it is up to this government to do it. An article in a Kitchener newspaper of July 14 says that ten cases of active tuberculosis have been discovered in the plants there. A complete survey has been made of over seven thousand workers, among whom ten active cases of tuberculosis were discovered. These ten active cases can be checked if taken in hand now, and these people can be built up into first-class shape. This survey was made by a Doctor Fraser—he is no relation of mine—who is evidently the medical health officer of Kitchener. But in most cities the medical health officer is so busy that he has not a chance to do this work. I spoke of this matter in the house last year and I am bringing it up again because I do feel that the government should maintain a proper supervision over all the workers in these plants. The Department of Agriculture have a check-up on the live stock in Canada, but our human beings are neglected. If these people were checked we would have a better Canada after this war is over; and if we ever intend to have social security we should start in now to improve the health of these people.

Mr. COLDWELL: I should like to add a word to what has been said by the hon. member who has just taken his seat. I too feel that the appropriation for this particular phase of the department's work is insufficient and inadequate. After all, the Department of Pensions and National Health is interested in labour conditions as well as in health conditions, because the conditions under which workers work may lead to good health or bad health as the case may be. For example, back in January I was in a plant which makes acids and gases and so on, and I asked the manager of this very large plant, because I was there at noon and saw the men sitting around eating their lunch on any packing case or barrel which happened to be in the furnace rooms, whether there was any provision for a cafeteria or restaurant where they might take their lunch under conditions which would be cleanly and healthful, and the answer was no.

I am not complaining about our government plants. I must say that a few days ago I was in our small arms ammunition factory near Quebec city, and there I saw a splendid cafeteria, rest rooms and lavatory accommodation and excellent food provided in this government plant, and I was deeply impressed by the care that had been taken to look after the health of the workers there. But in some of the other plants—and I have no hesitation in mentioning names; I was in the Canadian Carbide plant at Shawinigan Falls—there was no such accommodation where men could eat at noon under cleanly conditions. Of course the Department of Labour is interested in the matter, but this is a department of health, I think the appropriation is insufficient for the kind of work which the department needs to undertake, and I miss my guess if the minister, who is giving a tremendous amount of attention to this sort of thing, does not agree with that.

Mr. MACKENZIE (Vancouver Centre): I thank both hon. members for their observations. I might point out at once that we are not limited to this amount—this is a war appropriation—and if the department finds it necessary to increase the amount beyond $24,000 I do not think we would have much difficulty in obtaining the necessary money. I am informed that we have already inspected about 300 plants for such purposes; and from a nutrition point of view we have inspected 500 industries. That is not under this vote, but the nutrition aspect is also being given attention. Eighteen of these plants had no medical or safety services of any kind, and in over fifty others the first aid services were very inadequate, with no provision for medical care or safety control. All these things have been corrected. We started this work in 1942. I can say that the most rigid attention is paid in all the plants over which the government has control to carrying out the regulations and the provisions of the Geneva code.

Mr. FRASER (Peterborough West): May I say that in Kitchener 8,700 workers were X-rayed for tuberculosis. It is important now to check for tuberculosis, especially at this time when meat and other foods are rationed.

Mr. MACKENZIE (Vancouver Centre): Is not the X-ray work done by the provincial government?

Mr. FRASER (Peterborough West): It may be done by the provincial government, but this government should ensure that it is done. People are not getting the nourishment which they were getting before the war, and that is why there is a greater risk of tuberculosis among our young people. With regard to one plant which I know of, and I suppose the same conditions obtain all over the country, they have nurses to look after their workers; in the rooms where the nurses are they will have large jars of aspirin tablets, and if a girl comes in and says she has a headache the nurse will say, "Help yourself." Many of these young girls will take one, three, four, five or ten aspirin tablets, not knowing what is wrong with them. If there were a doctor or someone qualified to check the condition of that girl she could be fixed up right away. I know of two girls who were seriously unwell because, not having been examined, they took aspirins until they got in such a weakened condition that it required months for their recovery.

Mr. MACKENZIE (Vancouver Centre): I am glad to get that information.

Mr. NOSEWORTHY: There are a number of things in connection with the minister's department on which I can very frankly and sincerely congratulate him. One of them is the health services which he has initiated in these factories. I am thinking particularly of the plant at Malton and the improvement which has been made in the facilities for safeguarding the health of the workers since it came under direct government ownership and supervision. The set-up there is the finest I have seen in any plant which I have visited.

I have noticed that there is a considerable degree of difference in the facilities available as between one plant and another, and I would just like to remind the minister, although I do not think it necessary, that the collection of large numbers of men in war industries is giving his department an opportunity for improving or for taking the first steps in the improvement of the health of the nation—an opportunity which probably will not be available in peace time. We now have plants which are directly under government supervision and working on government orders. Large numbers of men are congregated in these centres. I urge upon the minister that he take advantage of that opportunity to give the nation a start on the road to better health. I need not emphasize the fact that the war has shown that we have been very neglectful of that in the past.

There are one or two other topics upon which I should like to occupy a minute, Mr. Chairman, if you will be gracious enough to permit me. I wish to second the suggestion made by the hon. member for Parkdale. I was astonished that a Progressive Conservative representing a Toronto riding would suggest that Toronto would be willing to call a military hospital the Ian Mackenzie military hospital.

Mr. ROSS (St. Paul's): Only on certain conditions.

Mr. NOSEWORTHY: I presume it is because they have a personal attachment to the minister, rather than to the government which he represents.

Mr. GREEN: It is because they want the hospital.

Mr. NOSEWORTHY: It almost persuades me that the Conservatives are becoming progressive.

Mr. FRASER (Peterborough West): They have been, right along.

Mr. NOSEWORTHY: However, I hope the minister will take it into consideration. I did not have an opportunity to speak when the subject was under review, but everyone who knows anything about the situation in Toronto —those in charge of the war veterans' associations, the doctors, and various welfare organizations—has made representations. The minister is familiar with these representations, and I am sure we need not take time to try to impress him with the need of remedying that situation. I think the remedy suggested, the necessity of finding a new site as soon as possible to begin the erection of a new hospital, is the solution. I thank you Mr. Chairman, for permitting me to make this remark on this item.

Item agreed to.

Health branch—Laboratory analyses and services for the Department of National Defence, $37,000.

Mr. FRASER (Peterborough West): There are a few questions which I wish to ask with reference to this item. I have already pointed out that, in my opinion and in the opinion of many other people as well, the Canadian people are not getting the nutrition they were before the war, and the reason for this is rationing. Reports from Montreal indicate a rising death rate from tuberculosis. I was wondering what the government would do with regard to vitamin B in Canada-approved flour. This is a matter

which concerns the department, and I submit that something should be done. I have here a series of questions which I should like to submit to the minister:

1. In view of the unsatisfactory results attained by the government's programme to introduce a vitamin B white flour made exclusively by the so-called "long extraction" milling process, as evidenced by the testimony submitted at the conference held in Ottawa, January 5 and 6 last, does the government now purpose to modify the restrictions against synthetic enrichment of flour with such vitamins as are deemed deficient, by your nutritional advisers, in the national dietary; particularly under war conditions?

2. Since approximately fifty per cent of the flour used in Canada is baked by the housewife and the larger proportion of it in the form of bread, and since she has become accustomed to using the so-called "top patent" or "family" grade as being most satisfactory for the purpose, and since this grade carries the lowest natural vitamin content of any of the hard wheat flours milled, namely 50 to 100 I.U's per pound, how is it proposed to increase the vitamin intake of the Canadian people unless this grade of flour is improved by synthetic addition?

3. In Ontario and generally in eastern Canada most cakes, biscuits, pastries are made from soft winter wheat flour, both commercially and home baked. Ontario winter wheat is much lower in vitamin value than hard spring (bread) wheat flour. How can the vitamin intake from this source be increased except by the use of synthetics?

4. Since it has been established by the testimony at the January session above referred to that spring wheat flours of the 1942 crop will average 100 units or more per pound lower than the previous crop in natural vitamin B-1 content, and since even from the 1941 crop wheat many mills had great difficulty in attempting to meet the 400 international units per pound requirement in the flour, and also since, to a great many bakers, this flour was entirely unsatisfactory in its baking qualities, how can it be hoped to produce a satisfactory flour with the ·50 to ·55 ash from the new (1942) crop wheat, at even the modest level of 400 I.U's per pound, unless synthetic enrichment is resorted to?

5. In view of the established success of synthetic enrichment-of-flour programme in the United States and the requirement of the cereal import committee in Great Britain that all Canadian flour shipped to that country shall be synthetically enriched with vitamin B-1, why have we in Canada held back from adopting this scientifically improved means of increasing the vitamin intake in the national dietary with respect to breadstuffs?

Some people say that vitamins have a tendency to produce certain weaknesses, but that has never been proved. In the foregoing questions the word "synthetic" is not quite appropriate because the vitamins that are added to the flour are natural vitamins. If you added the so-called synthetic vitamin B to flour and baked a loaf of bread with it, and used the wheat berry to increase the vitamin B content in another batch of flour, baking a loaf of bread from that flour, I do not believe there is a man in the country who could tell the difference. I do not think there is anyone who could say which was the synthetic product and which was the bread made from the natural wheat berry, because if both samples were subjected to the fluorescent lights which are used for testing they would fluoresce in the same way. I should like the minister to tell us what is being done, because the people should have these extra vitamins and they will not buy bread unless it is white, though when it is made in the ordinary way the vitamins are killed.

Mr. MACKENZIE (Vancouver Centre): My hon. friend has raised a highly technical question which I doubt that I am competent to discuss in technical terms. A year and a half or two years ago we had a committee of the greatest nutritional experts in Canada, including the dominion cerealist and experts from our own department, and they agreed, after consultation and various experiments, scientific and otherwise, upon this standard of Canada-approved flour. It has been very well received though there was some resistance from some of the millers. I know, from information given me by experts from other countries, that it is the opinion of the highest nutritional experts in Great Britain that our Canada-approved flour, which comes from the natural wheat, has a finer nutritive value than any synthetically induced proportions of vitamin that go into any other flour. Britain herself to-day is not using synthetic flour to the extent that she was; she is exporting quite a bit to other countries. It is the opinion of experts in the United States and Britain that our high extraction flour is superior for the health of the nation, and I should not be surprised to see them reverting to our standard of flour before this argument is over. There is some resistance from certain millers at the present time, but I must rely upon the best scientific and technical advice I receive, not only from the officers of my own department but from those of

other departments and from many eminent experts outside. The standard represents a great advance forward from what we had before, and there are certain definite constituents, such as iron, phosphorus and calcium, which are all of great benefit to the health of the individual and consequently to the health of the nation as a whole. I personally know little about the subject but the best advice I have received is as I have indicated.

Mr. FRASER (Peterborough West): But you get those same constituents, iron, calcium and phosphorus, in the synthetic product, which is bakers' yeast.

Mr. MACKENZIE (Vancouver Centre): My information is to the contrary. Of course, I am only speaking from information I have received. The note I have on the point is that no evidence has been produced to show that these constituents, in the same percentage, are present in the yeast which was under consideration at that time.

Item agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Processing, storage and distribution of blood for transfusions, $120,000.

Mr. FULFORD: I presume this has to do with the processing and distribution of blood obtained through the blood donor clinics operated by the Red Cross. I should like to tell this committee of one of the finest examples of civilian cooperation in an international way that has come to my knowledge. Recently the good people of the city of Ogdensburg, New York, decided to open a blood donors' clinic and give their blood to the American Red Cross. It was found, however, that owing to the geographical location of that city, it was not practicable to send that blood to an American processing laboratory. The Ogdensburg chapter of the American Red Cross thereupon applied to the parent organization to see if it would be possible to send that blood to the Canadian Red Cross This permission was granted, and they applied to the Brockville branch of the Canadian Red Cross for assistance in setting up their clinic. Naturally that assistance was gladly given. The necessary formalities in regard to customs and immigration on both sides of the line have been settled, and the people of Ogdensburg are now in process of signing up nine hundred donors. They hope to have their clinic in operation on or about August 1, at which time the blood will be collected by members of the Brockville branch, brought across the river and sent to Toronto for processing.

I think it is generally recognized that blood plasma is vitally needed at this time; and to me it is an inspiration to think that our American friends, when they found it impossible to give blood to their own organization, of their own free will should ask if they might present their blood to the Canadian Red Cross. As I say, I know of no finer example of international civilian cooperation, and I believe that we as Canadians could learn a lesson here. Even some hon. members of this house could learn a lesson from this incident. We have not enough blood donors in this country; I think anyone connected with the Department of Pensions and National Health will support that statement. We need more blood donors. I have already suggested that hon. members should go to the Ottawa branch of the Red Cross and donate their blood, and again I would urge them to do so. Surely if our American friends are willing to donate their blood to the cause of Canada and the cause of the united nations, we Canadians should intensify our efforts and have more people give their blood for the same cause.

Mr. MACKENZIE (Vancouver Centre): I want to thank my hon. friend for his reference to what is really a magnificent gesture, for which we are profoundly grateful.

Item agreed to.

Grant to the Canadian Nurses' Association to increase the supply of qualified nurses in Canada, $250,000.

Mr. NOSEWORTHY: Will the minister give us a brief statement of what has been done in this connection?

Mr. MACKENZIE (Vancouver Centre): Last year the grant was $115,000; this year it is being increased to $250,000. Last year the grant was made for the following purposes: $15,000 for administration expenses and to provide staff and travelling expenses, to stimulate the recruitment of student nurses and the expenses of publicity in connection therewith. Last year $75,000 was allocated to hospitals or other teaching institutions to provide additional facilities for the tuition of teachers, supervisors and administrators in schools of nursing, and for the training of the increased registration of student nurses. Then $25,000 was devoted to scholarships for graduate nurses for education as teachers, supervisors and administrators. As a result of the recruiting campaign the number of students in schools

of nursing was increased by 1,402. Some forty-five scholarships, ranging in value from $265 to $500, were awarded to approved candidates, eighteen for post-graduate work in nursing and twenty-one in public health.

The grant of $75,000 for teaching institutions was allocated through the provinces, to be used for the following purposes: refresher courses for graduate nurses, summer courses in public health nursing, teaching, supervision of hospitals and hospital administration; special clinical post-graduate courses for three months; field work for universities and schools of nursing; to assist smaller schools in providing additional staff, teaching equipment and text books to take care of the increased registration; to provide for smaller schools travelling specialized instructors in psychiatry, dietetics, pediatrics and communicable diseases.

The need for more graduate nurses and specialists has increased so that it is considered desirable to increase the assistance to the Canadian Nurses' Association as follows:

(a) $25,000 for administration, to increase campaign for recruitment of student nurses, and for increased publicity.

(b) $155,000 for direct assistance to schools of nursing to provide for increased registration. The present grant did not permit assistance to many schools where such aid would have provided for larger registration. It is planned to increase the number of students in many more training schools as soon as money can be provided for increased training facilities.

(c) $40,000 for scholarships. The need for specialists is increasing. The grant last year permitted forty-five scholarships, but this took care of only half the eligible and desirable applicants.

(d) $30,000 for direct assistance to schools of nursing in universities and in public health organizations in order to extend their facilities for giving post-graduate specialist training. Present facilities are taxed to capacity and direct aid will provide for increased output of trained specialists. The method of distribution of the direct assistance to teaching institutions and universities is subject to the approval of the department.

Mr. HOWDEN: Has the minister any knowledge of the means that were employed by the nursing organization to encourage young ladies to enroll as pupil nurses? This seems like a good deal of money, and I was wondering if a canvass was made of the schools or anything like that, in order to encourage young ladies to become nurses.

Mr. MACKENZIE (Vancouver Centre): Yes, that was done by a field secretary employed by the nurses' association.

[Mr. R. B. Hanson.]

Mr. COLDWELL: I believe this is another very important appropriation. I have had the opportunity in the last three years to know something of this training, and it seems to me if we are to make the nursing profession more attractive to the right type of girl, facilities will have to be provided so that more of them may be engaged in the work in unit hospitals, in order that they may not be overtaxed and their health may be protected. Not only here, but as a member of the hospital board in Regina, I have known that a large number of girls have broken their health during training. And when one considers that girls in training are not only doing hospital duties, but are also studying and preparing for examinations, it will be realized that their duties are those which only a girl in fairly robust health could possibly stand.

I am not complaining about the hospitals. But, as I say, I have had personal contact with one in the city in which I lived, and I have known something about the local situation. I do believe an attempt should be made by the government to encourage more young girls to come in so that they may relieve, at least to some extent, those who are already in training. This may mean that grants will have to be made for increased accommodation for student nurses attached to hospitals with approved training schools. Because, after all, in many such hospitals the number of student nurses who can be enrolled will be governed by the amount of accommodation the hospital has for student nurses in residence and in class rooms. I suggest this is something to which attention should be given by the government when it is making grants. The institutions themselves should be assisted to provide accommodation so that there will not be quite such long hours for some of the girls in the hospitals, and that more care—if I may put it in that way, although I know supervisors give all the attention they can—shall be given to the health of the girls in training. In a number of instances a very high percentage of student nurses have failed to complete the course, not only because some of them were unfit, but because of a breakdown in health, often the result of very strenuous work and the long hours.

I know that in most hospitals an attempt is made to limit the working day to eight hours. I also know, very well indeed, that it is almost impossible in some of these institutions to live up to that eight-hour regulation. The girls have to work nine and even ten hours sometimes. In addition they must study, which means that they cannot withstand the strain. In my opinion some con-

sideration should be given to the provision of accommodation in training schools attached to our hospitals, sufficient to ensure that there will be an ample supply of student nurses in the future, and that none of the girls in training shall be overworked. I believe we should pay some attention to that aspect of the matter.

Mr. MACKENZIE (Vancouver Centre): We agree.

Mr. SHAW: In his break-down the minister referred to scholarships for graduate nurses, so that they may take special training. Has any provision been made to assist student nurses who, because of the lack of a few dollars, might not be able to enroll for training purposes?

Mr. MACKENZIE (Vancouver Centre): I believe a definite statement was made on that subject by Miss Ellis before the social security committee, of which the hon. member is a member. My recollection is that there was no direct grant to student nurses. I am instructed they are expecting some assistance from one of the training schemes, but it had not been forthcoming before she gave her evidence.

Mr. NOSEWORTHY: I was pleased to hear the last report of the minister. My information is that the chief drawback to the securing of more nurses is, first, the fact that a great many girls cannot afford to take the three years, and, in addition to receiving no compensation for their work in the hospitals, be called upon to provide books and uniforms. Anything that could be done to relieve that situation would be helpful. I understand there are some hospitals in which a small remuneration is paid, but that condition is not general. That is the first big drawback. The second drawback is the number of hours these girls are asked to work. If the minister can do anything to relieve those two situations, he will go a long way toward achieving the end he has in view.

May I commend the minister on the amount of money he has set aside for this purpose. I certainly agree it is something that is very much needed.

Mr. HANSON (York-Sunbury): Are not all arrangements with regard to pay and the terms of apprenticeship standardized? Are not the hours of labour in standard hospitals all the same? They were at one time.

Mr. MACKENZIE (Vancouver Centre): I am under the impression they are not. I think the objective has always been that they should be standardized at the level mentioned by the hon. member for Rosetown-Biggar. But I believe conditions do differ across Canada, even in our best hospitals.

Mr. HANSON (York-Sunbury): I have served on a hospital board for a number of years, and I thought it had always been recognized by the hospitals association that these things were standardized. However, I am glad to be informed on the point. If they are not, they ought to be.

Mr. MACKENZIE (Vancouver Centre): I am not speaking definitely, but I am under the impression that my statement is correct.

Mr. HOWDEN: I think I can say definitely that all major hospitals have adopted the eight-hour day. For many years it was a twelve-hour day, but even at that I am happy to say that with the regular hours of sleep, the regular meals and the like, ninety-five per cent of the nurses put on flesh and gained in health during their course of training in the various hospitals. In those days there was a small monthly payment of $5, but I do not know whether or not that is paid to-day. But I believe I can allay the fears of the hon. member for Rosetown-Biggar, because I have been connected in the west with a nursing school for a great many years, and I know that the vast majority of nurses who went into training gained in health in the first five or six months. And that was the condition in the early days, when they spent twelve hours a day, and sometimes more, at their work.

Mr. SOPER: While I realize that what I am going to say is to some extent a provincial matter, yet I notice that the federal government is making a fairly substantial contribution to nursing, and there is one point I should bring to the minister's attention. One of the greatest causes of the shortage of nurses is that training privileges have been taken away from the small hospitals. Girls in the smaller towns cannot now train in most of the small hospitals, but are compelled to go to the larger cities. In many instances this is not looked upon with favour by their parents. I think the experience has been that many of our better nurses have been trained in some of the smaller hospitals throughout the country. I believe if the training privilege were restored to smaller hospitals we would not now have this shortage of nurses.

Mr. MACKENZIE (Vancouver Centre): Is that not entirely a matter of provincial registration?

Mr. SOPER: Yes, I think it is.

Mr. COLDWELL: I cannot quite agree with what was said by the hon. member for St. Boniface. My personal observation has been that while care is taken of the young nurses in training, yet owing to the pressure upon them, break-downs have developed.

Mr. HOWDEN: Very few.

Mr. COLDWELL: I hesitate to mention anything that I might have observed during my own daughter's training which she has just completed, but in the class in which she trained there were, I believe, 54 pupils, and at the end there were some 38 left, the remainder being on the casualty list to some extent on account of break-down in health.

Mrs. CASSELMAN: Probably some got married.

Mr. COLDWELL: None of them got married, so far as I know, while they were in training. This does not seem to be much improvement over what I know was the case some years ago when I myself was on a hospital board. While I am not blaming the hospitals, because I know the pressure is tremendous, I do say that if we wish to get student nurses in our hospitals we shall have to see to it that the hours are not prolonged.

Mr. HOWDEN: I am not advocating prolonged hours.

Mr. COLDWELL: I understand that quite well; the hon. member advocated shortened hours. It frequently happens that the hours are unavoidably extended beyond eight because hospitals are under pressure and understaffed.

Mr. HOWDEN: They overlap.

Mr. COLDWELL: Some overlapping does occur. I do not want it to be thought that I feel that this matter does not need remedying, because, in my opinion it does.

Mr. HARRIS (Danforth): A wrong impression might be created in the minds of those who have occasion to review this particular debate. We must not get it into our heads that an eight hour day in an institution means eight hours of work for the nurses. That is to say, you could not possibly operate under three eight hour shifts and find work for the nurses to do. There must be quiet periods in a hospital, otherwise your patients will not get along as well as they should. This idea of talking about a twelve hour day or an eight hour day is all wrong. I do not know of any institution that might be said to work on a twelve hour basis, where the nurses work a twelve hour day. They have their rest periods, particularly at night. The institution must be quiet. It is not a factory you are running; it is an institution for the healing of those who come to your door. There is a great deal of confusion in the minds of people who feel they should run three eight hour shifts. You will be running a factory, not a hospital. I do not know of any place where they actually work, where they are on their feet for twelve hours. There is a rest period in the afternoon and a long rest period at night when the other work is off.

Mr. HOWDEN: The busiest time for hospital nurses is between ten o'clock at night and eight o'clock in the morning.

Mr. HANSELL: Is this appropriation of a quarter of a million dollars for the training of nurses for the armed forces, or is it for the training of nurses for all the services? I realize that this is a war appropriation. To a large extent nurses, when they are available, are having to take the place of doctors because of the present shortage of doctors. I do not mean that they are doing all the work the doctors would do, because we know they do not. In Alberta they have certain health units which are made up of a number of communities. A doctor is the health officer for the entire territory. A number of doctors have joined the forces, others have moved away, and the result is that some of these health units are without doctors. The nurses have taken their places, not to do all that a doctor would do, but to substitute as much as possible. I hope that part of this money is to go for the training of nurses who will eventually find their way into civilian service. How is this money distributed? Is any of it given to the provincial governments to handle in connection with the training of nurses?

Mr. MACKENZIE (Vancouver Centre): The moneys are distributed by nurses' associations and hospital associations with the approval of the director of public health services, Department of Pensions and National Health. This appropriation is for the training of nurses for all purposes, both military and civilian, so they would be available for the health units to which my hon. friend has referred. This necessity has been occasioned by the depletion in the ranks of the nurses caused by the war.

Mr. BRUCE: I should like to say a word in support of this grant. There is no body of professional people in the country more

worthy of support than are our nurses. They are doing a magnificent job. The period during which they can work is limited and any assistance we can give toward the carrying out of their duties should be given. I do not know to what hospital the hon. member for Rosetown-Biggar (Mr. Coldwell) was referring, but might it not be possible that the examination made of the nurses before they went into training was not sufficiently thorough to determine whether they were in category A? In most hospitals an X-ray examination of the chest is made, and as a consequence this has practically eliminated the incidence of tuberculosis among nurses which used to be quite prevalent years ago. There is no standard of medical examination adopted by all hospitals; it depends upon the examiner in each hospital as to how rigidly the requirements of physical fitness are enforced before a student is admitted for training as a nurse. I thought possibly this might explain the casualty list amongst the student nurses to which my hon. friend referred.

Mr. MACKENZIE (Vancouver Centre): They did find a rather high incidence of tuberculosis among nurses in training, and that is why X-ray examinations are now made.

Mr. COLDWELL: I am not complaining about the hospital to which I referred, because I believe it is probably one of the best in the country and is giving the best of training. My own daughter has completed her course without a break, but I happen to know that others have not been able to do so.

Item agreed to.

DEPARTMENT OF JUSTICE

Expenses in connection with the administration of the defence of Canada regulations, $35,000.

The CHAIRMAN: The item will be found on page 923 of *Hansard* of March 3, 1943. Shall the item carry?

Mr. GRAYDON: Mr. Chairman, we are anxious to facilitate matters, but we should not try to go too fast. At least we want to see the item. When other departments have been up we have been furnished with a memorandum giving a break-down of the item, and I do not know whether the minister has provided that in this case.

Hon. L. S. ST. LAURENT (Minister of Justice): There are only three items. One is for $35,000 in connection with the defence of Canada regulations; the other is $10,000 in connection with prize courts, and the next is $5,700 covering sundry services. These are the salaries and cost of living bonus of three temporary employees who have been added to the service of the department. I did not think it necessary to have a memorandum prepared covering these small items, but I have one prepared for the larger item.

Mrs. NIELSEN: Mr. Chairman, I have for a very long while wished to have the opportunity to discuss democracy in this country. Now the opportunity has come, and I welcome it; for after the winning of the war there is no subject more important than the maintenance of democracy. On July 9 the Prime Minister, speaking in the house, said this:

> Our conception of nationhood rejects, as it must always reject, any attachments to ideas which are non-democratic or to usages which would constitute the negation of free institutions or the untrammelled expression of the free souls of free men.

Those are very wonderful words, Mr. Chairman. I should like to see these things a living reality in this country. I must admit that resentment has been burning inside me for many months now because of the lack of an opportunity to discuss this very question, and I intend to use all the force of which I am capable to speak against the sort of administration we have had under these defence of Canada regulations.

I do not think I need emphasize the fact to any hon. member of this house that I was brought up in a country which is known as the mother of parliaments and the home of democracy. My freedom of speech and the right to associate as I please was something which was to me just like the air I breathe. It was my inalienable right. I am not unmindful either of all the things that were endured by my ancestors in days gone by and the price they had to pay for the freedom which they finally attained. I am not unaware of many who met their deaths in days gone by from the force and violence of those who sought to rob the common people of their freedom, and I should be untrue to those who have gone before and untrue to myself if at this time I failed to protest against a new form of despotism which is growing up within the boundaries of this country to dominate us and which like a cancerous growth impairs democracy. These may seem strong expressions to hon. members, but I can find no words too strong to express my feelings in this regard.

We do not miss the air we breathe until we gasp and choke for lack of it, and some people do not appreciate the rights and privileges they have until they have them snatched from them by force and violence. To see other little groups of people lose their privileges and rights does not affect us at all.

It is only when we ourselves lie broken in spirit under the fetters of despotism that we realize its full calamity, and then, my friends, it is too late. While I have breath to protest against some things which have gone on in this country in the administration of the defence of Canada regulations I shall do it.

I should like to give one instance in which within the last few months the rights of one section of our people have been denied them, even though the Minister of Justice wields extraordinary power under these regulations. The question this time is that of freedom of speech. It is in connection with a meeting which should have been held in the city of Montreal on May 3 of this year. A large mass meeting had been arranged for in that city. Various trades union leaders were to speak and the leader of the communist party of Canada, who had spoken previously in every other large city across Canada, was also to be there. Although the hall had been engaged—I believe it was the Atwater market—at the last minute the meeting was cancelled. Nobody seemed to know why. The citizens who were interested in this meeting gathered themselves together for another meeting to protest. Peculiarly enough the second meeting was not allowed. Then this same group of citizens, swelling in numbers as the people gradually became aware of what had happened in their city, gathered together, and, roughly calling themselves "The Defenders of the Four Freedoms," arranged for a well known journalist in Montreal to prepare a broadcast on the question of freedom of speech for the people of that city. The journalist in question prepared a broadcast. It was accepted by the censor, and yet at the last moment he was not allowed to make that speech over the air. Finally, after some time, this group of people did get a conference together. I went down myself that evening. At that conference there were represented roughly 131 organizations in the city of Montreal, which would mean representing over 130,000 of Montreal's citizens. They met to protest the right of freedom of speech being denied to them as it had been accorded to the citizens of every other great city in this country. At the end of that conference they sent a letter to the Minister of Justice. They asked that they might have freedom of speech in their city the same as the people of any other city, well aware that no nation can live with its people half slave and half free. I have here a copy of the minister's reply to that group of people representing over 130,000 citizens. He says:

I have duly received your letter of June 4, with attached thereto copy of a resolution appealing to the Prime Minister of Canada to instruct his Department of Justice that freedom of speech, press and assembly, such as is permitted to the rest of Canada, should also be accorded to the citizens of Quebec, and praying him, moreover, to employ the utmost latitude in assuring for all citizens of this dominion opportunity to exercise this fundamental right of a free people.

A similar letter has also been referred to me from the Prime Minister's office.

Then listen to this last paragraph:

I wish to inform you that the Department of Justice has nothing to do with the according of freedom of speech, press and assembly to the citizens of Quebec, any more than it has to do with such privilege in other provinces of Canada, and has not acted in any manner to which the criticism implied in this resolution would seem to be applicable.

In other words, although our Minister of Justice wields tremendous power, he claims that he has nothing to do with the privilege and right of freedom of speech in this country. I fail to understand why our Minister of Justice has not acted. Perhaps it would help the members of this house to understand one reason why the minister did not act when I say that finally it was known that a little group in Montreal were responsible for the stopping of this great public meeting. One of them particularly, a Mr. Raymond, a member of the other place, closely connected with the hon. member for Beauharnois-Laprairie, and other groups in the province of Quebec has been most vocal against Canada's greatest and all-out participation in this war. They were the groups who were responsible for the stopping of these meetings in the city of Montreal. This is an astounding fact.

I would say that the minister's action, or rather his lack of action, to protect the democratic right of freedom of speech in that one city of Montreal, amounts to nothing more or less than appeasement of anti-war groups in the province of Quebec. After all, if there is one thing in this world worse than no justice, it is that there should be justice without a sword in her hand. We have witnessed the lights of Europe go out one by one. We have witnessed people lose their freedom little by little. We have seen the calamity which overtook those who viewed too carelessly this question of their democratic rights. It should be a lesson to us. We should resist these things in time. Whether or not we have any particular liking for the views of those who wish to speak is not the question. It matters not whether it be trades union leaders or the leader of the communist party who may be expressing views which may not be palatable to some. The fact remains that freedom of speech is the right of the people of this country at all times, pro-

vided that speech is towards a democratic end. It so happens that the speeches that were to be made were on behalf of the victory loan. "Back the attack" was to have been the spirit of the meeting. Yet we find groups who have been most vocal against an all-out war effort by Canada being the ones to prevent this meeting in the city of Montreal.

I charge that under these defence of Canada regulations the Minister of Justice has not protected the rights of all the citizens of this country. Yet the purpose of his administration of these regulations is supposed to be that we should be protected from those who seek to destroy democracy within the boundaries of this country. It is pretty clear today all the world over that whoever denies the rights of the people is against the people, and whoever is against the people is their enemy. Let us not make any mistake about it.

So much then for the protection which should have been afforded to the people of Canada under the defence of Canada regulations. We accepted as a nation these regulations as a war emergency, designed only to protect us from the machinations of the enemy within our own country. But the minister has failed to use the authority which we have placed in his hands, to protect the citizens of Montreal. I will go further and say that while he has failed to protect us under these regulations, he has in some other ways used them to bar the progress of democracy in this country.

I would quote from the Toronto *Telegram* of June 24, which contains a dispatch that on June 23 Canada's Minister of Agriculture (Mr. Gardiner) in an address prepared for delivery to the Midwest Farm Bureau conference, said:

> Reviewing war developments, Mr. Gardiner said that it might be said that Hitler declared war on the world when he started his brownshirts marching on German roads. If this interpretation were correct the only country which realized the situation was Russia which turned out to be the only nation ready for the attack. . . .
>
> "In my opinion it was the move of Stalin into Poland in 1939 and not the move of Hitler into Russia in 1941 which saved Britain," said Mr. Gardiner.
>
> "When the British returned from Dunkirk in 1940, if all the troops in Britain had been given all the arms and ammunition left and commanded to start firing, they could have continued to shoot for one hour."
>
> The preparations made by Stalin compelled Hitler to risk all in an attack upon Russia in the hope he would crush that country before the democracies could arm. . . .

It is quite alright now, in the year 1943, for the Minister of Agriculture or any other hon. member or private citizen of this country to make statements like that; but my contention is that the people who stated this same fact at the time it happened, in 1939, in other words the communists of this country, were under the defence of Canada regulations rounded up. We all agree now that it was the vast preparations made for war by the Soviet Union which saved Britain and forced Hitler into an attack on the Soviet Union. But as I said before, the people who realized this fact in 1939, and did not wait until 1943 to say it, were arrested under the defence of Canada regulations; they were herded into concentration camps, often with force and violence; they were hounded like common criminals, some of them snatched out of their beds in the middle of the night, and their wives and families had no knowledge where they were to be taken or what was to be done to them.

Some of the Ukrainian people of this country had their organization, the Ukrainian Labour-Farmer-Temple association, banned under the defence of Canada regulations, because it was said that certain of them, some leaders among them, were communists. Some of their halls, as you know, were sold. It is a ghastly thing that in some instances their halls were sold to a rival Ukrainian organization whose leaders, though I do not say all the people belonging to it, to say the least had had questionable alliances with pro-fascist terrorist groups in Europe. It is perhaps not very well known that this Ukrainian Labour-Farmer-Temple association had some of its property not only taken by the custodian of enemy alien property, but actually destroyed by him, instead of being kept. I thought the word "custodian" meant a man who takes things in custody and keeps them until the time arrives to hand them back, but that does not appear to be so. This custodian destroyed property belonging to Ukrainian people in this country whose only fault was that some of the leaders of their organization were supposed to be communists.

I should like to read something which I believe will be of interest to every hon. member, who, before he is Liberal, Conservative or of any other political faith, is a Canadian. I have with me two documents produced by witnesses, sworn statements before notaries, of what happened to some of the property belonging to this organization. It will take only a short time to read them, and I think they should be read:

> I, Steve Solonynka, of the city of Toronto, in the county of York, in the province of Ontario, make oath and say as follows:
>
> 1. I reside at 259 Crawford street, in the city of Toronto, in the county of York.
>
> 2. I have full and personal knowledge of the matters hereinafter by me sworn to except when same are stated to be based upon information and belief.

3. I was formerly employed by the Pullan Paper Stock Ltd. at Trinity and Parliament streets, in the said city of Toronto, and was employed by the said firm for about five years until about six months ago.

4. I remember distinctly in the early part of 1941 a load of books, containing about five tons, was brought to the yards of the said company, and the said books were torn and destroyed by the workmen of the said company. These books bore the stamp of the Ukrainian Labour-Farmer-Temple Association.

5. Many of these books were in the Ukrainian language but many others were in the Russian and English languages.

6. I remember definitely seeing the following books printed in the English language: works of Victor Hugo, Anatole France, Robert Burns, William Shakespeare, Jack London, Upton Sinclair, Karl Marx, W. Lenin and the History of Canada.

7. I also remember seeing books printed in the Russian language by Leo Tolstoy, Turgeniew, Maxim Gorki, Pushkin, and books in the Ukrainian language by the following authors: Taras Shewchenko, Ivan Franko, Olga Kobylianska, Kulish, Wasil Stefanyk.

8. While these books were being destroyed by the workmen of the said company, the destruction of same was being supervised by plainsclothes police officers of either the dominion or provincial government.

We have heard about the wholesale destruction of books in Germany. I grew up in a country where no one dictated to me what I should read, and as long as I have breath in my body I will defend the right of the Canadian people to read what they please.

Here is another sworn statement:

I, Mike Andrichuk, of 2272 Wellesly Boulevard, in the city of Windsor, in the province of Ontario, Ford worker, make oath and say as follows,—

1. I am by nationality a Ukrainian and was employed from the middle of the year 1938 to on or about April 1, 1941, as a janitor of the Ukrainian Labour-Farmer-Temple Association Hall at street number 10628 96th street, in the city of Edmonton, in the province of Alberta.

2. In the said hall at the time of my said employment was a library belonging to the said Ukrainian Labour-Farmer-Temple Association consisting of approximately 1,000 library books some of which were used in a schoolroom and some of which were used for general library purposes amongst the membership of the said association. Amongst the said books were works of Gorki, Marx, Tolstoy and other great Russian writers as well as works in English by Shakespeare, Burns and Winston Churchill. There were also works by Shevchenko, the Ukrainian national poet, and by Jack London.

3. In or about the month of April, 1941, the said hall was sold by the custodian of enemy property to the Ukrainian National Federation, a pro-fascist organization. By instructions given to me by a Mr. Wenspir and a Mr. Hamilton, representatives of the said custodian, I was ordered to burn, and did burn, approximately 500 of the said books in the furnace in the basement of the said hall.

Mr. MacNICOL: None of the volumes of Burns, surely?

[Mrs. Nielsen.]

Mrs. NIELSEN: Yes, volumes of Burns were burned.

Mr. MacNICOL: Sacrilege!

Mrs. NIELSEN: Sacrilege! I should say so.

The said burning took place about one month prior to the sale of the said building and I was further ordered by the said Wenspir and Hamilton to assist in loading the balance of the said books into a truck and the said books were taken by the said truck to the said garbage disposal plant of the city of Edmonton and there destroyed. At the time of the destruction of the said books the same were in good, usable condition. The said Wenspir and Hamilton or an auctioneer were present with me in the basement of the said hall when I began to burn the said 500 of the said books in the basement furnace according to their instructions.

I was being paid by the custodian of enemy property a salary or wage of $35 monthly together with the use of three rooms from the beginning of July, 1940, to April 1, 1941.

The said Wenspir and Hamilton told me that the said books were being destroyed because the custodian did not want the people to be reading them any longer.

Have you ever heard anything like that in a country that calls itself democratic?

The said library was in process of being gathered together over a period of fifteen (15) years and there were from 500 to 700 Ukrainian anti-fascists making use of the said library month by month.

I verily believe that it was a very great cultural hardship to the Ukrainian community in the city of Edmonton to be deprived of the said books, the majority of which were in the Russian and Ukrainian language, which language many of the said community could read much more easily in the said Ukrainian or Russian language.

In addition to the destruction of the said books the said representatives of the custodian's department also conducted an auction sale of some of the furniture and equipment of the said hall, the same being sold to the general public.

I should like to know what evil intelligence thinks that it can dictate to British subjects in this country what they may or may not read. What Goebbelesque monstrosity dares to destroy the works of some of the greatest authors the world has ever known?

I should like to read you another letter. This is pitiful. Its English is not very good but you will understand it:

Dear Mrs. Nielsen:

I am Ann Galangey. I want to bring to your attention the following.

In the midsummer of 1940 the officer of R.C.M.P. raided our house, 13 Clarence, without reading the warrant to search the house, and without any reason they seized a number of literature; among these were number of my music books consist of famous composers of music, despite of my request they have never been returned to me.

Snatching the music books from children under the defence of Canada regulations!

History has taught us something. It has taught us that the Ukrainian people do not retreat or surrender to the enemy when they fight. They are among the immortals of the world, and they have died for freedom's sake. Those Ukrainian people in Canada, too, have been fighting against the enemy, not a foreign enemy but the domestic enemy in Canada. They have been fighting, not with force and violence, but with all the forces of democracy which they can muster. They have been fighting with petitions and letters to the government, letters to the Minister of Justice, and it is to our everlasting shame, the shame of members of this House of Commons, that we have not fought harder with them and made their fight our own.

Under these regulations the communist party of this country was banned. Now, every member of this house can think exactly what he pleases about me; I do not care one bit what people think of me. One does not have to be a member of the Salvation Army to agree that the Salvation Army should have the right to exist in this country; one does not have to be a member of the communist party in this day and age to agree that at the present time they should have the ban lifted from them.

Although much has been said in the past about the Soviet Union, you, my friends, know perfectly well how history has disproved those lies. You remember what was said about communist Russia years ago. I should like to quote something that was said a few years ago about communist Russia. It is not necessary to say who said it because it is the kind of thing that was said by so many people:

> The world has learned two important truths about Russia. One is that Stalin is the very spirit of evil incarnate and the other is that the armed might of Russia is a myth.
>
> The equipment in air force, army and navy is plentiful but out of date. The training and morale of the troops is bad. The army and navy have few trained officers and agriculture is badly disorganized. As a nation they are in every respect unfitted to engage any great power.

That is the kind of rubbish we heard circulated around the four corners of the world—lies generated and distilled in the minds of the people by the fascist leaders. They were repeated by fools and knaves all over the world. It was the communists who said that if ever we hope to preserve democracy we should join with the Soviet Union, but that was not published in those days. Just as history has proved all that foolishness to be incorrect, so I am perfectly sure that history will also prove something else to be incorrect, and that is another fallacy and lie which originated with the same fascist sources. I mean the lie that communists believe in and will use force and violence. I would refer you, my friends, to the brief which was submitted by the communist party of this country to the Rowell-Sirois commission on dominion-provincial relations. It was admitted by unbiased readers at that time to be one of the finest briefs submitted, one of the finest types of analyses ever made of social conditions in Canada. I quote from page 14 of the brief:

> The Communist party stands for socialism. But the Communist party repudiates now as in the past all theories or proposals looking to the forcible imposition of socialism upon the majority of the people. Such concepts are utterly and completely foreign to the Communist party. We never did and never will hold to a programme of forcible establishment of socialism against the will of the people. Anyone who proposes the attainment of socialism other than through the democratic will of the people is alien to the Communist party. The Communist programme and policy rests exclusively upon the democratic will of the people. No genuine democrat need harbour any fears of the Communist party.

Let me come to a more recent publication, which I am sure all members must have seen. I refer to the magazine *Saturday Night* of June 19, in which the leader of the communist party had his life story written up under the title, "Name in the News—How Tim Buck Got That Way". Many prominent men in Canada have had their lives so written up. I quote:

> It is the same "Tim Buck", and just as was the case when the Rowell-Sirois commission was sitting, he recently rose before the national war labour board to present the outstandingly finest brief that has been submitted. Its merits lay in its clarity, scholarly documentation, thoroughly adult attitude toward a complex problem on which it endeavoured not to vituperate, but to shed light. It was aimed not at the overthrow of democracy, but at the establishment of a realistic, comprehensive dominion labour code. Mr. Buck produced a document that even the most conservative-minded legal experts in Ottawa consider well worthy of study. . . .
>
> Canada, he says, is so widely integrated politically that such a measure as is usually credited to him as his objective, namely, a small group grabbing physical power and enforcing communism upon the unwilling mass of citizens, would be quite out of the question. Support of the majority of the people for communism would be necesary in order to enforce it, and this they must show, in our parliamentary system, by voting for those who advocate it.

I should like to remind the house that the truth and only the truth will set us free, even if the truth falls on our ears and sounds strangely after the lies to which we have been accustomed for many years. If any member feels it incumbent upon himself to get up

and defend the Minister of Labour in the administration of the defence of Canada regulations—

Mr. MITCHELL: Not the Minister of Labour.

Mrs. NIELSEN: The Minister of Justice; I beg your pardon. I hope that no member of this house will insult our intelligence by declaring that the communist party believes in force and violence or will consciously or unconsciously peddle the lies of Hitler and Mussolini in this chamber in this regard. If there are two things more necessary now than ever before they are these. We must win the war for our own sakes, and to do that we need two things. We need international unity and the faith of our allies in us, and we need also national unity and the faith of the Canadian people in the democratic leadership this government should be giving them.

On June 22 of this year I went to Toronto, just as the Prime Minister did, to the great gathering that took place in the Maple Leaf Gardens for the "Salute to Russia," and I listened with considerable pleasure to the speech which he made on that occasion. Let me quote from the speech he made on June 22 as reported in the *Globe and Mail* of June 24. I quote:

"Apart altogether," he said, "from our comradeship-in-arms there are many reasons why friendship between our two countries should be particularly close," and he foresaw in the promotion of such understanding and friendship between nations "the beginnings of the new world order."

The editorial in the *Globe and Mail* goes on to say:

The views and sentiments which Mr. King expounded were quite impeccable, and altogether his speech was a commendable performance.

But it was surely a very unfortunate coincidence that on the day Mr. King was hymning the praises of Russia his Minister of Justice was reported as explaining to the House of Commons that he still regarded the Communist party of Canada as an illegal organization, and had no intention of lifting the ban upon it. Now the ruling spirits of the soviet union may have decreed the dissolution of the Comintern, but they have not foresworn communism, and are still in theory firm adherents of that creed.

We hope that Mr. Feodor Gousev, the Russian minister, has a strong sense of humour and can laugh at the farcical coincidence of our Prime Minister's elaborate eulogies of communist Russia and his Minister of Justice's reiteration of his determination to keep the Canadian Communist party suppressed.

What happened at Singapore in the last few tragic days before that city fell? They released the communists from the prisons. Why? Because they knew those people would defend Singapore to the very last drop of blood in their bodies. When crisis overtook India and there was need for national unity, what was done? The ban on the Communist party was lifted. What is being done now in the efforts to unite the Free French? I quote from the New York *Herald-Tribune* of June 25, as follows:

The French committee of national liberation at a meeting to-day completed the personnel of the permanent military commission and declared invalid the acts of German-dominated courts in France against French patriots. . . .

The anti-communist laws adopted by the Edouard Daladier government on September 26, 1939, were abrogated and amnesty granted for sentences passed under these laws.

That is fine, but, I ask, who is out of step? Are all the other united nations out of step or are we? Last year wide sections of the Canadian people signed petitions headed "We Stand for Freedom", which appeared as full page advertisements in nearly all the great newspapers across this country. Leading churchmen of the protestant churches have asked, on behalf of themselves and their congregations, for the lifting of the ban on the communist party to promote national and political unity in this period of Canada's war emergency. Professors in our universities; business men; well known people such as Sir Ernest MacMillan, Clifford Sifton and Sir Ellsworth Flavelle; artists; leaders of farm and trade union organizations; Mr. Bracken, on behalf of the Progressive Conservative party of Canada; Liberal members, individually—all have expressed their feeling that this ban should be lifted. Every hon. member is familiar with the recommendation which was brought down in this house last year, but which has been absolutely ignored since that time. The issue is not whether or not we are in favour of communism; the majority are not, and we all know that. The point is that there are only two alternatives before us to-day; and we must be on either one side or the other. Either we want a united Canada to win the war, with full democratic privileges to all who fight against nazi tyranny, or we are willing to allow a small group in the province of Quebec who oppose full participation in the war, and who do not really represent the people of Quebec, to dominate our government and our Minister of Justice, and to destroy the democracy which is the heritage of the Canadian people.

In my opinion, Mr. Chairman, democracy is allergic to despotism; it is allergic to the abuse of power. Democracy cannot live in the kind of atmosphere we have in Canada. Either the Minister of Justice obeys the will of the democratic majority of the people of this country or he becomes a despot and misuses

the power which has been entrusted to him as a war emergency measure, to protect us from the machinations of the enemy within. It is true—and I hope the *Hansard* reporter gets this statement correctly—that communists all over the world are a menace. Yes, they are a menace, but to whom? Communists all over the world are a menace to fascists, to fascist-minded people and to those who propagate fascist propaganda. Because of that I say we should allow the communists to fight with us, legally, and should lift the ban upon them in this country. On behalf of the people of Canada my friends, hundreds and thousands of them—the great majority of them, I am convinced—I would ask the Minister of Justice before the end of this session to lift the ban from the communist party and all other democratic groups who have been denied their privileges and rights under the defence of Canada regulations. I ask that he grant them full freedom and give them every opportunity to participate in the winning of the war, or resign his position as Minister of Justice. It may be true that the communists are forming a new organization; there are reports to that effect, but that does not alter the fact that as long as the ban remains on the communist party, all Canadians are in danger; because any time any group of people advocated something with which the Minister of Justice does not agree, it would be the easiest thing in the world for him to say, under the defence of Canada regulations, "Representations have been made to me that you are a communist," and once again we would have a round-up. In Italy and Germany it all started with the rounding up of the communists, but it did not end with that. First the people gave away their rights to protect that minority; then little by little any liberal-minded person who dared express an opinion contrary to that of the powers that were, also found his way—as did Niemöller and thousands of others—into a concentration camp.

These things are not new; you are all familiar with them. I would say to you very definitely that our Minster of Justice has full command of the letter of the law, but in my opinion he has failed dismally to appreciate the spirit of democracy, and never in my life have I said anything about which I was more sincere. He has failed to capture the essential spirit of democracy. I would ask the support of every hon. member of this house; I would ask you to be Canadians first and forget your party; for the party must come second to the fact that we are all Canadians. I would ask that you support the idea that the people of this country should have the opportunity for full political unity. You will remember that a great deal has been said about how wrong it is for people to join this communist party. Some time ago I noticed an item in the New York *Times* which was an eye-opener to me, and it may be that other hon. members have not seen it. It came from San Jose in Costa Rica under date of June 20, and reads:

> Catholic workers may belong to the new political party, Vanguardia Popular, formerly the communist party, according to Archbishop Victor Sanbria, but catholics may not join nazi or fascist organizations. This information was given by the archbishop to Manual Mora, who was elected to congress by the communist party, of which he was secretary. He is secretary of the new party.
>
> The archbishop indicated that while communism seeks world happiness and economic well being, and respects political, social and religious institutions, catholic workers may belong to Vanguardia Popular. Regarding nazism and fascism the archbishop quoted Father Juan Maria Restrepo Jaramille of Columbia as follows: "No Christian can be a nazi; no Christian can sympathize with nazism."

Perhaps, my friends, some of you may think what I have said to-day is a little stronger than it should have been. There is nothing too strong to be said in defence of those principles of democracy which alone will give us the power to win the war and build the new world in which we all believe so earnestly and for which our men are fighting. It is necessary that within this country we preserve the rights and privileges that belong to all free men and that no small section of our people be denied these things; for if you and I deny to one small section of the people the rights and privileges of democracy, it may be our turn next and, as I said before, when that time comes it will be too late.

Once again I would beg every single member of this house, whatever his party, whatever his position, to forget his party and to remember only one thing, that he is a Canadian and that he believes in democracy. I would urge their support to the end that before this session is concluded the Minister of Justice shall guarantee political unity for the winning of the war by lifting the ban on the communist party and all other democratic parties who have been denied their freedom under the defence of Canada regulations.

Mr. LACOMBE (Translation): Mr. Chairman, I need not tell you that I do not agree with the views of the hon. member for North Battleford. Far from it, I urge the hon. the Minister of Justice to maintain the ban on communism in Canada. We do not want the communist revolution to cause, soon or later, simultaneous outbreaks in a hundred places,

as happened in the country where that perverse and Godless doctrine originated.

I shall avail myself of this opportunity to call once again the attention of the hon. the Minister of Justice to the imprisonment of Mr. Camillien Houde, former mayor of Montreal and member for Montreal-St. Mary in the Quebec legislative assembly. The arbitrary nature of the prolonged imprisonment of Mr. Camillien Houde is not consistent with the democracy for which Canada is now waging a relentless fight. Neither is it consistent with the principles of freedom which we claim to be upholding in this war, or with the spirit of British criminal law which we have always observed. I will go farther; I do not hesitate to say that the powers given to the Minister of Justice under the defence of Canada regulations mean the sabotaging of our judicial institutions. They mean the discard of the habeas corpus principle, one of the most sacred rights of every British citizen. What is the reason of such relentlessness toward Mr. Houde? Has he not long since paid his penalty? He has languished during two years and ten months in a concentration camp. He was taken from an internment camp, wearing the prisoners' uniform, and escorted by two constables as if he had been the lowest scoundrel, and he was brought before the advisory board at Fredericton. Tim Buck and his confederates have been freed, as well as Franceschini and others. Why has Camillien Houde not been given his freedom? That is what parliament has a right to know. The return of which I demanded the production a few days ago would certainly have enlightened us on that point. Powers should not be exceeded, Mr. Chairman, and there should be no persecution. So far as I know, that is not included in the war aims of the allies. Neither is it in accordance with the clauses of the Atlantic charter. I shall not say anything more.

Mr. DIEFENBAKER: Mr. Chairman, I have a few words to say, with a view to securing information respecting the operation of the defence of Canada regulations, this being the only opportunity upon which such information will be forthcoming. I would ask the minister to state how many prosecutions have taken place under the defence of Canada regulations in the past year, how many convictions there have been, and how many searches under the powers of the regulations have been executed in the past year. Furthermore, I believe a general statement on the defence of Canada regulations is due at this time.

[Mr. Lacombe.]

If there is one thing to be considered more than another in connection with the administration of regulations which grant extraordinary powers in a time of war, it is that they be administered fairly and in such a way as not to interfere with any person's right of speech, or freedom of speech, so long as that freedom of speech is not exercised in a manner likely to prove detrimental to the welfare of the state. Furthermore the powers must not be used, nor must there be any suggestion of their being used, to stifle the religious beliefs of any group or body of people in Canada. This, again, subject to the condition that such religious beliefs are not being propagated in such a way as to interfere with the safety and integrity of the state. We go a long way farther under the administration of these regulations than do the British people. At one time the Minister of Justice was president of the Canadian Bar association, and on many occasions before that association he has heard outstanding lawyers from all parts of the dominion request that which I now request, namely, that the administration of these regulations shall be administered so as not to interfere with the religious beliefs of any person. At the last bar association meeting Sir William Monckton, counsellor of the duchy of Lancaster and representative of the British bar to the meeting of the Canadian Bar association, set out the point of view of the British bar and bench respecting the administration of the regulations in England which are analogous in their nature and effect to our defence of Canada regulations. He said this:

> Democracy still prevails except where suspended to guard the national safety. When we became involved in this conflict there were many who prophesied that total war would prove incompatible with the essential civil freedoms. When they saw the wide powers which the British government assumed, they warned us that we were in danger of losing our liberty, but it has not been so. We have indeed been glad to give up for the purposes and period of the war a large measure of our freedom to choose our work. But this we recognize as inescapable if, as we wholeheartedly desire, the best use is to be made of our services to win the war.

And these words particularly I bring to the attention of the minister:

> On the other hand freedom from capricious arrests and freedom of speech have been sedulously preserved.

That has been the attitude of the British people throughout the war. They deny the right of anyone to endanger the safety of the state, but they preserve freedom from capricious arrest, and freedom of speech.

I have in mind the situation with respect to Jehovah's Witnesses. I do not uphold their doctrines, nor their tenets or beliefs. But I do uphold their right to worship their God as they please, so long as they do not thereby interfere with the safety of the state. Last year a committee of parliament recommended the removal of the ban on Jehovah's Witnesses. Yet the ban still remains. The experience of most of us has been that these are harmless people, devoid of any intent to do wrong to the state. Their beliefs are similar to the beliefs of conscientious objectors belonging to other religious groups. Why has the ban not been lifted? It cannot be because of any fear that this organization is detrimental to the welfare of the state, or that its actions are subversive to the war effort. There has never been even the slightest evidence that such is the case. If my recollection is correct, a number of outstanding lawyers in this dominion have made the statement that there was no such danger from this body. Why has the ban not been lifted? Why are these people still considered to be criminal simply because of the fact that they worship their god according to the tenets of their belief?

I wish to bring to the attention of the minister a matter which was brought to my attention within the last four or five days, a matter which I think requires some explanation. A woman by the name of Mrs. H. H. Mullins, of St. Georges de Beauce, in the province of Quebec, endeavoured to distribute some literature. I have a couple of samples of the type of literature she was distributing. It is in French, but I translate:

The Holy Bible is the Word of God. Read it.

Then follow a number of quotations from the New Testament according to the Crampon version. There is nothing in this literature other than quotations from the Holy Bible. But what happened to her? Around the fourth of this month the R.C.M.P. entered her premises. I speak subject to correction by the minister in what I shall say of the facts, but my information is that they made a search. They entered and removed the literature she had been distributing. There is nothing in the literature other than quotations from the Holy Bible. Is there anything in that type of literature that is detrimental to the welfare of the state or subversive in any way? While I have not the charge here, I am informed it was that she was distributing literature upon which the printer's name did not appear. This literature contains quotations from St. Paul's Epistle to the Corinthians, chapter 1, verse 3; the Epistle of Paul to the Romans, chapter 15, verse 4; the second Epistle of Paul to Timothy, chapter 3, verse 16, and so on. On July 8 this woman was taken into custody and placed in the gaol. I do not know what has happened to her since. I think an explanation is due as to why this search took place and why this woman was incarcerated instead of being brought before the court by summons. Most proceedings may be commenced under the defence of Canada regulations, but they cannot be continued unless the attorney general of the province or a representative of the Minister of Justice concurs. These are things which require the strictest consideration by parliament, because parliament exists for the purpose of redressing wrongs. Are prosecutions still taking place of Jehovah's Witnesses? If so, why are these prosecutions taking place? Why have the defence of Canada regulations not been amended in accordance with the recommendation of the defence of Canada regulations committee, which was composed of distinguished lawyer members of this house and men of experience from every province in the dominion? One year after this recommendation was made it is apparently still an offence to belong to an evangelical body, even though that body is preaching doctrines which none of us believe. I ask the minister to explain these things.

Mr. MacINNIS: Mr. Chairman, what I am going to refer to to-day I have referred to before, and as I do not want to hold up the committee I shall not make any extended remarks. This committee has before it now a matter which has been before parliament since we adjourned at the end of last session, and I think it is something on which we should give an expression of opinion. It seems to me that the action of the Department of Justice or of the government is not in accord with democratic procedure. I refer to the lifting of the ban of illegality which was imposed on certain organizations in June, 1940. A number of organizations are included in this group, among them being the communist party of Canada. There are other organizations which might be termed subsidiaries or affiliates of this organization, and which were declared illegal because of their connection with the communist party. There is also the sect referred to by the hon. member for Lake Centre (Mr. Diefenbaker), Jehovah's Witnesses. I make a plea to-day for the lifting of the ban on the communist party. I am sure that no one in this house will accuse me of being a member of that party or of having any association with it. I have had to contest three elections to this house and on each occasion I have been opposed by a member of the communist party. At times they have not minced their words in opposing me, it having been stated that my election would really be

more of a detriment to the interests of the workers than would the election of a member of one of the old-time parties. Up until now my constituents have not agreed with that point of view.

The communist party of Canada was in existence before June, 1940, when it was declared illegal. Up until that time it had carried on its activities in the same way as other organizations. If it went beyond the laws of the country, those laws were there to check either the party or the individual member. It was declared an illegal organization in June, 1940, not because of anything in its constitution but because of its opposition to the war. That is why it and other organizations with it, were declared illegal. They advocated opposition to the war. As a matter of fact the candidate of the communist party opposing me in the election of 1940 opposed me because I was, he said, a warmonger who was supporting an imperialist war. There would be sufficient justification to declare such an organization illegal, because we cannot allow people who are opposed to the country's war effort to obstruct that war effort. I am sure that anyone speaking here to-day in favour of lifting the ban on the communist party would say that any organization or any individual who opposed the country's war effort should be put under restraint.

The communist party's attitude to the war, not only here but in every part of the world, remained the same until June 22, 1941. I am not greatly impressed by the suggestion that that sort of attitude saved us from destruction at the hands of the nazis and the fascists. It is my opinion that, if the democracies of the world had accepted the policy of the communist party, Hitler would have overrun the world long before now—let us make no mistake about that.

I was saying that the communist party was declared an illegal organization for a certain reason, and that reason was that the communists were opposed to the war. But now, having changed their opposition to support of the war, I maintain that any reason that existing for declaring the communist party to be an illegal organization has disappeared. I can see no possible reason for maintaining that attitude other than a certain prejudice against communist doctrines. I am myself opposed to communist party philosophy. Nevertheless I submit that as Canadians we cannot maintain that position and still hold that we are democrats, that we are trying to save democracy with all that word implies. Canada is the only member of the British commonwealth, so far as I am aware, in which restrictions are imposed on the communist party.

May I submit this, that even if the ban was lifted, the country would not be exposed to any danger, because the Minister of Justice would still have just as much jurisdiction in the matter as he had before. There are laws in this country outside of the defence of Canada regulations to take care of subversive activities. Even under the defence of Canada regulations the minister could act. I have taken that position since the change in the communist party's attitude to the war. In November, 1941, at the first opportunity I had in this house, I proposed that the government should seek an exchange of representatives with the Soviet Union. I am glad that the government has done that. Although it is not a question at issue now, I am satisfied, because of the attitude of the communist party to the Soviet Union, that good relations between the democracies of the world and the Soviet Union is one of the ways by which we can assure orderly change through democratic procedure.

Mr. ST. LAURENT: I did not quite catch that last sentence. Did I understand my hon. friend to say that good relations with the Soviet Union were necessary for the establishment of international order, that such relations would be promoted by the relations of the communist party to the Soviet Union?

Mr. MacINNIS: That is what I intended to say, whether I put it clearly enough or not; and for this reason. The actions of the communist party since the war began are clear proof of the fact that they accept Russia as their fatherland. They have no regard for the countries in which they live. Their whole policy is concerned with safeguarding the interests of the Soviet Union. I submit that the way they undertook to do that at the beginning of the war was wrong. If I were a communist I do not think I would have taken that position, because once Great Britain was defeated—let me make this clear—once Great Britain was defeated I do not believe there was any other country on earth that could save the Soviet Union from being overrun by Germany. The difficulties are great enough as they are now, and if Great Britain were defeated to-day the Soviet Union could not be saved from Hitlerism. I realized that at the time, in the same way as I felt within me that the only assurance, the only hope of attaining the kind of world I had

worked for these many years, could not be realized without the defeat of Hitler and all that he stands for.

There are other organizations, such as the Ukrainian Labour-Farmer-Temple association, whose properties were confiscated, and in some cases sold, and as the hon. member for North Battleford has said, had their property destroyed. People do that sort of thing. Some people for one reason or another have a violent antipathy to knowledge and understanding, and at the first opportunity they seek to destroy it, just as Hitler sought to destroy the culture of Germany by destroying all that was constructive in the literature of Germany. There are many countries the people of which are not given access to the literature of the rest of the world. We are not working in the interests of Canadian unity now by treating the Ukrainian Labour-Farmer-Temple association as an illegal organization. We are not working to extend unity in our country if we refuse to take whatever action is in our power to return their property to the people who formerly owned it.

May I point out to the Minister of Justice and to the government that there is grave danger of our going off on the wrong track in another matter. I refer to the property of persons of Japanese origin who were moved from the defence area on the Pacific coast. I know it is not popular in certain quarters to say a word for these people; nevertheless I am going to say it. I believe the Minister of Justice and the government are proceeding on a most dangerous course, a course a democracy should not take. These people, with a very few exceptions, were not moved because of charges made against them. A great many of them are Canadian citizens, either by birth or by naturalization, and although they were moved as a defence precaution, we are dealing with their property exactly as though they were enemy aliens, which they are not. I draw that to the attention of the minister, because it is most important.

I support the hon. member for Lake Centre in what he said regarding Jehovah's Witnesses. These people presented their case to the defence of Canada regulations committee last year, and the Department of Justice also presented its case—if you can call it a case—against them. As I have said here before, never have I seen a weaker document upon which to declare an organization illegal than the document which was placed before the defence of Canada regulations committee last year as a justification of the action against Jehovah's Witnesses. I get letters almost every week from members of this sect who are being molested by the police while exercising their religious rights. I do not care what a person's religion is, or whether he has any religion at all; that is his business and nobody else's; as long as in the exercise of his beliefs he does not interfere with the rights and liberties of others, he is entitled to hold whatever beliefs he sees fit. I should like to see the Minister of Justice, before this house prorogues, do what should have been done a year ago, namely, lift the ban on all these organizations. Then if any action has to be taken, the minister has all the scope for action which the safety of the country requires.

Mr. HANSELL: As a member of the defence of Canada regulations committee last year and this year, may I express the views which I hold and which are held also, I believe, by the party of which I am a member. Last year the committee went carefully into this whole subject. They held a good many meetings, they had before them champions of these various organizations and heard the best arguments which they could submit. I do not think I shall be telling tales out of school if I say that I reported to the party I represent—for, believing in democracy as we do, I was not desirous of acting on the committee merely on my own behalf, but sought instructions from our party—and they told me that I should vote on that committee for the lifting of the ban on Jehovah's Witnesses, Technocracy Inc., and the Communist party. I say that and in the same breath say that I do not think anyone in Canada could accuse the Social Credit party anywhere of being communists. That was done because we believe in the rights of free assembly and free speech in a democratic country. The lifting of this ban would not prevent action being taken against any individual who spoke or acted as though he were an enemy of the state. That goes without saying. The police can pick up anyone, whether an unattached individual or a member of any organization, if he is assumed to make utterances or do things which obviously or otherwise are detrimental to the safety of the state. But the fact that people are not free to assemble themselves as they choose, whether for public worship or the discussion of issues, is something which we regard as the very antithesis of democratic freedom.

The communist party, of course, has been referred to a good deal in this connection. However, it is only one of the organizations the ban on which is recommended by the committee to be lifted. Take Jehovah's Witnesses, for instance. I cannot for the life of me see why, because a body of people

hold an interpretation of scripture which is adverse to war, the whole body of them should be declared illegal. If we carry that theory to its ultimate conclusion, probably the Doukhobors should be declared an illegal body. They do not believe in war. They do not fight. The evidence was brought out in the defence of Canada regulations hearings that very many adherents of Jehovah's Witnesses were and are in the king's uniform fighting for the country. Are we going to say that Jehovah's Witnesses are enemies of this state? I do not believe they are. I believe they are loyal citizens with a certain religious belief. They are honourable citizens and I see no reason why such an organization should be banned.

I am not here pleading the cause of Jehovah's Witnesses as a religious body because I am not one. As I have said over and over again in this chamber, I do not believe in their religious doctrines, but I do believe that every individual in this country has a right to interpret the scriptures as he desires. People have the right to meet on the Lord's day and assemble for worship as they desire. To say that such people are enemies of the state becauses they hold a certain belief is nonsense. I might just as well say that the pacifist in 1939 and since then has been and is now equally an enemy of the state. I might as well say that those who voted for a reduction in the defence estimates right up until almost the time of the war are as much enemies of the state as Jehovah's Witnesses. I believe they are enemies of the state. They did more harm to the country in sabotaging the country to the enemy than did Jehovah's Witnesses. These people are not regarded to-day as enemies of the state, however; they are honourable citizens holding certain convictions. That is all. I simply bring that to the attention of the committee.

One thing more I would say and that is in regard to the government's refusal to accept the recommendations of the committee. They had a perfect right to do so. It was within their purview; it was within their authority to refuse to accept the recommendations. But obviously it was a reflection upon the work of that committee. Unquestionably it was. The committee had all the evidence and it comprised men of average intelligence in this house, and those men arrived at their conclusions. To refuse to accept their recommendations can be regarded pretty much as a slap in the face.

I am not going to make a charge, but I am wondering how that committee will vote on the same question this year if they get a chance to vote on it. The committee was not set up until well on in the session, and when it was set up the meeting of the committee was delayed and delayed until it was only a few weeks ago that they began their sittings. Somebody is responsible for that. At one of the first meetings we had a communication was read. I believe it was from Mr. Tim Buck; at any rate, it was either from him or from his organization. That communication requested that they be heard. I do not know whether they will be heard. Of course, the minister can say, "You are a member of the committee; why don't you insist on its being done?"

Mr. St. LAURENT: I do not like to interrupt the hon. member, but I suggest that his remarks are not in order at this time. As he has said, he is a member of the committee and I assume that in due course the committee will make a report, and the matter can be discussed then. But there is a standing order which prohibits the discussion of the work of a committee until it has made its report. My second objection, with which I think the hon. member will agree, is that this is hardly pertinent to the matter now under discussion here.

Mr. HANSELL: I realize that one cannot discuss the work and the report of the committee that is still sitting, but my point is this. We are asked to vote a sum of money for the operation of the defence of Canada regulations. The committee of last year made recommendations, and those recommendations were not acted upon, and now we are asked to vote a further sum. All I am asking is this. If the committee this year brings in the same recommendations, will they be acted upon? The minister is not going to answer that question, I know, because he cannot do so now; but I am not now discussing the report of the committee. I am discussing the fact that the committee has been delayed in its operations, for some reason or other, and something should be done about it before it is too late. The committee is set up to deal with the defence of Canada regulations. Here is an appropriation we are asked to vote for the operation of the department under those regulations.

I will conclude by reiterating that what we are concerned about is to preserve the democratic right of free assembly and free speech in Canada. I think it does more harm than good to stop free speech, because when you stop free speech you do not know what is going on in the people's minds. When they are permitted to say what they think,

we know where these various bodies stand. We know what this man or that man believes because he is permitted to express it. But how can you deal with anything properly and effectively if it is not permitted any expression? You cannot do it; that is all. I submit that to this committee and I urge that the recommendations be acted upon. It is not too late for the minister to follow that course.

Mr. NEILL: I was not able to catch all that the hon. member said, but so far as they relate to Jehovah's Witnesses I endorse his remarks. I hope that if the minister is not disposed to make some concession to these people he will be in a position to inform the house and the country very definitely as to some reasonable reason why the ban should be continued against them. No man will support the minister more loyally than I in regard to anything he may do to suppress activities of a subversive character, but I know a number of these people, I live not far from them, and I have never known of any disloyalty among them, nor do I know anyone else who had any charge of that kind to make against Jehovah's Witnesses. They happen to have peculiar religious beliefs with which I do not agree, but that does not make them harmful or subversive. They may condemn my religious beliefs, and while, in times like these, we must be careful not to permit any underground work to go on under popular names, at the same time it is equally essential in these days when we are fighting for freedom that we should not go to the other extreme and penalize people unless we are sure that their doctrines or the methods they propose for carrying those doctrines into effect are subversive.

So far as my considerable knowledge of these people goes, I can say that there are a number of them in the district I represent and that they are decent, respectable people. Whatever their religious beliefs may be, that is beside the point. If the minister is not willing to take the ban off, I wish he would give us something to carry home to our people so that they may know why their organization is banned. It sometimes happens that while what you might call the ordinary people are quite blameless in their actions, some of the heads of the organization, perhaps in a foreign country, have done things which were improper. If that is so, let us know it; at least let us have something that will justify—if the ban is to be continued—the action taken by the government.

72537—307½

Mr. ADAMSON: Since I was the first member of this house to recommend the recognition of soviet Russia and the establishment of diplomatic relations, I cannot allow this debate to continue without saying a word or two in regard to this matter. First I will quote just one sentence from what I had to say in February, 1942, with regard to the soviet philosophy; it appears at page 299 of *Hansard* for that year:

> We are going to have to admit that the soviet philosophy exists and that it has done great things; let us admit it openly and above the broad tables of government rather than have snivelling, subversive agents peddling anarchist literature to the adolescent minds of the students in our schools, universities and training camps. We have seen what anarchy has done in other countries. It can happen here.

We are the only part of the British empire to prohibit the communist party. The question of lifting the ban now has become a political football, and I do not propose to discuss that question to-day. I stand by everything I said in 1942, but I should like to say a word or two about communism. The history of the communist party during this war, outside Russia, has been almost what might be called ludicrous. At first they said this was an imperial war, a war for capitalists; it was this kind and that kind of a war, until Russia was attacked. Now the same people who urged young men in our training centres to have nothing to do with the war are saying this is a holy war. But all that does not mean that communism is not a world force and must not be considered as such. To try to pretend that this force does not exist is to be an ostrich, to bury our heads in the sand. That is what I object to in the present policy of the government. When France fell, one of the most disturbing features of the destruction of the French army—and this is particularly true of the army in the south—was the fact that it was riddled with communism. Statement after statement has been made by French soldiers who said, "The first thing we did when the Germans attacked was to shoot our officers. Then we did not know what to do." That was the effect of communism.

But what has it done in Russia? The study of Russian history and of Russia itself is something that should be taken out of the realm of politics. We study the French revolution; we study all the revolutions that have occurred in the history of the world including the one during which Charles I was executed. There is every reason why the same study should be given to the Russian revolution that has been going on since 1917, no matter what we may

think of it or how we may disagree with certain of its tenets. To try to gloss over the facts; to keep this movement under cover, in my opinion creates a great danger to this state, and that is why I oppose the policy of the government. I am wholly and absolutely against communism, but it is a world power, a great movement, and we must recognize it as such. Let us not cover it up; let us bring it into the open, so that we may understand what it is. Let us not have one man saying that the salvation of the world depends upon communism and the man opposite saying that communism is the worst possible thing that ever happened to Russia. Let us evaluate the thing; let us get the proper facts; let us make a study of them; let us bring it into the open, so that we may all see what we are dealing with.

Mr. ROSS (St. Paul's): I have in my riding many Ukrainians, of whom there are large numbers in the city of Toronto. They belong to various associations, one of which is called the U.L.F.T.A. I know many of these people personally. It may be that at the beginning of the war they were communists; I do not know what they are now. They seem to be good citizens, or at least I believe they could be made into good citizens. In June, 1940, their organization was declared illegal and all its properties became vested in the custodian of alien property. They tell me that no formal charges were made by the government at any time, and that aside from the language of regulation 39C of the defence of Canada regulations they were given no indication as to why the ban was imposed. That regulation reads:

> The following associations, societies, groups or organizations are hereby declared to be, and shall be deemed to be, illegal organizations. . . .

I imagine they were against the war and that was why the ban was imposed at that time. However, I understand that a change has taken place in the interval. All their properties were confiscated. In Toronto they had a very fine building which had been erected with the nickles, quarters, fifty-cent pieces, dollars and hard work of the people themselves. It was unfortunate that they got under communist control. Perhaps at that time the confiscation of their property was the right thing to do, but the mistake was in selling that property. As I understand it, other property belonging to Germans, Italians and Japanese is still held by the custodian of alien property, but in this case a different procedure was followed. As a matter of fact, I believe many of the members of this association were Canadian citizens at the time. They had been here for a long time, and had taken their part in the development of Canadian music, and various Canadian activities. As I say, their property was confiscated. There were many protests in the newspapers, and from the civil liberties' association. Things have changed since then. What is the government going to do about the situation? I say that the fact that these properties are sold, and not held for them, is a great injustice. Are they to be treated forever as outcasts, and their property kept away from them, or is some restitution to be made to them, in the event of their behaving themselves and becoming good Canadian citizens.

While I am on my feet there is another matter to which I should like to refer. I suggest there should be a more elaborate ceremony in connection with naturalization proceedings. When a man or a woman takes upon himself the responsibilities of citizenship, he or she is accepting a heavy responsibility.

The ACTING CHAIRMAN (Mr. Ross, Calgary East): May I direct the attention of the hon. member to the fact that the item before the committee deals with expenditures in connection with the administration of the defence of Canada regulations.

Mr. ROSS (St. Paul's): I understand that.

The ACTING CHAIRMAN (Mr. Ross, Calgary East): I hope the hon. member will confine himself to the item.

Mr. ST. LAURENT: The hon. member will have a full opportunity to discuss naturalization when the civil estimates of the Secretary of State, under whose department naturalization is administered, are before the committee. This department has nothing whatsoever to do with it.

Mr. ROSS (St. Paul's): Has not this question connected with taking property away from these people something to do with it?

Mr. ST. LAURENT: Yes; but the hon. member was discussing naturalization.

Mr. ROSS (St. Paul's): Perhaps the committee would permit me to complete what I began to say. I believe there should be a more elaborate ceremony for naturalization. It should be more impressive. I point out, too, that those people who are good Canadian citizens, who have been deprived of their property, who have been banned, and all that sort of thing, are still good Canadian citizens, and they should have proper consideration.

Hon. N. A. McLARTY (Secretary of State): Mr. Chairman, in view of the discussion which has taken place in connection with the custodian, it might be proper for me to say a few words. I do not intend to speak at length. It just so happens that while I have been custodian it was not necessary either to destroy a book or to sell a single piece of property. So far as books are concerned, I had no information as to what books, if any, were destroyed. And, as a result of the question placed upon the order paper a few days ago by the hon. member for North Battleford, we have written to ascertain whether a list was made at the time the books were destroyed, at both Edmonton and Toronto. The hon. member's observations this afternoon were the first intimation I had that any books whatsoever had been destroyed at Toronto, and I have not had an opportunity to investigate upon that point.

However, I did investigate the situation in regard to the sale of the labour temples. I believe that out of 111 some seventeen have been sold. But my advice is that not a single labour temple which was able to carry itself was sold. This is not a dominion-wide organization; and I mean by that that one cannot transfer funds from a central source to protect the individual temples. Each temple had to stand on its own feet.

Now, not one single labour temple was sold, except for one of three causes: First, there was a mortgage against it, and usually heavily overdue. The revenue was not sufficient to pay the mortgage. In that event foreclosures would inevitably have followed, and the whole thing would have been a complete loss. Second, there were other cases in which there were heavy arrears of taxes. If sales had not been made in respect of those cases, again there would have been complete loss to the owners. Third, some of the buildings were in an extremely dilapidated condition. There were no funds of that branch available to put them in proper condition, and they were becoming more dilapidated day by day. In other words, before any property was sold, at least one of those conditions had to exist.

In connection with the sales, I am advised that none were sold without advertisements for tenders being carried in the newspapers. In all cases I believe tenders were asked for. Then they could not be sold to any organization which stood in the same position as the owners of the temples.

I mention these facts so that the public may not gain the impression that the custodian was out to try to effect sales. That is not correct. The only sales effected were to preserve the equity which might exist in the property which will, when the ban is lifted, be returned to those who are entitled to receive it. In other words, I am advised the custodian did not look for purchasers. He was not anxious to sell it, and in fact where it paid its own way, had no carrying charges and would not be a complete loss, he refused to sell it. I think hon. members in the committee will agree that where the assets were wasting, it was much better to realize what could be realized, rather than just let it go by default, and realize nothing at all.

I believe that is the whole situation in connection with the sale of labour temples. They were not sold because the custodian wanted to sell them. They were sold because, if he did not sell them, there would not be anything left for the owners.

It is needless for me to point out that the custodian was and is a purely administrative officer. The government of Canada placed the ban, on the recommendation of the Minister of Justice of the day. Once that was done, the custodian did not act under section 39 of the defence of Canada regulations. The custodian acts—must act—under the authority of the trading with the enemy regulations. Consequently, I should like to make it abundantly clear that I am not arguing for the return of the property to the labour temples. Frankly, I am told it would be a relief to the custodian if they were returned, because they have been a considerable burden and care. But I do wish to make the position clear, because the suggestion was made that we were simply trying unfairly to rid ourselves of the temples, by selling. That is not correct.

Mr. STIRLING: Would the Secretary of State be good enough to refer to a subject discussed by the hon. member for Vancouver East, namely the sale of Japanese property. Is it correct to say that no Japanese properties have been disposed of, except with the consent of the owners?

Mr. McLARTY: No; that is not correct. I do not think the consent of the owners was ever requested in respect of the rural property sold to the soldier settlement board. In that connection may I explain that we set up two advisory committees. One was to deal with urban properties, and was headed by Mr. Justice Sydney Smith; and the other, headed by Judge Whiteside, was to deal with rural properties. Japanese sat on each of these committees. One felt, however—and I believe one could scarcely criticize him for the feeling—that they were being placed in an extremely embarrassing position. The result was that he resigned. But to say that we got the consent of all the owners in connection with the sale of 769 parcels to a value of $850,000

would not be correct. What happened was that the sale was negotiated by the local representative of the custodian acting in the first instance, and Mr. McPherson acted in the second. The price was tentatively agreed upon. It was then submitted to the advisory committee, and the advisory committee unanimously recommended its acceptance. Those are the only properties of Japanese evacuees which, so far as I know, have been sold.

The ACTING CHAIRMAN: (Mr. Ross, Calgary East): Shall the item carry?

Mr. DIEFENBAKER: No; we would expect the minister to reply.

Mr. ST. LAURENT: I am waiting until hon. members have concluded their remarks.

Mr. SHAW: On July 7 the minister gave certain information in reply to a question asked by the hon. member for North Battleford (Mrs. Nielsen) and referring to Charles Brandel Crate, who was designated as the former leader of the Canadian Union of Fascists. I was greatly surprised that this statement should have been made, inasmuch as the impression was conveyed that this man, who had become quite famous prior to the outbreak of war on account of his assertions against the democratic form of government, had been allowed to go free simply because he had dissociated himself, so to speak, from the organization by signing a declaration to the effect that he was no longer a subversive agent dangerous to Canada and to our form of government. I am just wondering how many cases there are where a similar situation developed. Following the signing of the declaration, Crate was employed in Newfoundland, then by a Toronto construction company and later on he went to Dawson Creek in British Columbia. Whether this man reported periodically to the mounted police is something about which I am not certain, but I have reason to believe that he did not. I understand that for three months prior to June 1 the Royal Canadian Mounted Police lost track of this individual.

I happened to meet Crate quite by accident early in June. I did not know the man; I had never met him before, but I soon realized what he was on account of the assertions he made at that time. Crate is definitely an exponent of fascist and nazi principles. He makes no bones about that. He stated definitely within my hearing that the only mistake he made was to permit his organization to be designated as a fascist organization. He said that one of the finest things that ever happened to him was when the government of Canada had been led to believe that the Canadian Union of Fascists no longer existed. He laughed about that. He stated to me that much effective work had been carried on since the banning of the organization in June, 1940. He agreed that the things which Hitler and Mussolini were endeavouring to do were proper things to be done, not only in those countries but here in Canada. He stated that he disagreed to a certain extent with some of the methods used, but he did not disagree in any sense with their objectives.

I think this committee is entitled to information, not only with respect to Crate and Crate's organization but also with respect to the treatment which has been accorded such persons who established reputations in this country prior to the war as fascists or nazis. I do not wish to say more at this time, but I am definitely not satisfied with the statement the minister gave to the house on July 7, 1943.

Mrs. NIELSEN: Did the police receive copies of letters written by Mr. Crate to people in northern Ontario some time last summer in which he definitely stated his intentions to carry on his fascist activities?

Mr. ST. LAURENT: I shall make inquiry, but I think I can say at once that the police did not receive such letters. I recently examined the file in the department concerning this man and I saw no evidence of any such letters. Perhaps the hon. member would be kind enough to give me further identifying particulars which would facilitate the inquiry. Perhaps I may be allowed to deal with the matters raised by hon. members not quite in the order in which they were submitted, but taking the last first and the first last. The information supplied by the hon. member for Red Deer (Mr. Shaw) about the statements which he himself heard will be of much interest to the police, because this man Crate is at present being prosecuted. I am sure the attorney general of the province in which he is being prosecuted will be glad to know that he will be able to get evidence from the hon. member which may be pertinent to the prosecution.

Mr. SHAW: I think the minister will find that this was shortly before Crate's apprehension. It may be that he was apprehended as a consequence of certain things he said at that time.

Mr. ST. LAURENT: Possibly, and that will make them all the more interesting to the attorney general. He will be glad to know that not only will the hon. gentleman be

available himself as a witness but will be able to supply the names of other persons who were present.

Mr. SHAW: I am perfectly willing to support any assertions I have made to-day.

Mr. ST. LAURENT: I am not implying the contrary in any way. This information will be communicated to the attorney general and to the police who have been investigating the situation. It is said that this man was allowed to work in Newfoundland and in Dawson Creek, but these were not protected areas and being a Canadian citizen he would be allowed to go to these places as long as he was not interned. The hon. member asked for information about the members of this party. I may say that of the thirty or so who were detained, fewer than ten have been released. In the case of other groups that were interned since the outbreak of the war, more than half have been released.

There seems to be some misapprehension with respect to the defence of Canada regulations. I have heard it said several times that the Minister of Justice was to be asked to lift the ban on the Communist party and other subsidiary organizations. That implies power and jurisdiction in the Minister of Justice which he does not have. These regulations were brought into being by the governor general in council. All the Minister of Justice could do would be to recommend to his colleagues in the first instance, and if he got their approval, then a recommendation could be made to his excellency for the modification of the regulations. A recommendation was brought in by a committee toward the end of the session last year, but no attempt was made to have that recommendation adopted by the house. Had it been adopted by the house, it would have been the duty of the Minister of Justice to recommend its implementation. It was well known to members of the house last year that there was serious doubt as to what would have happened to the recommendation had it been put to a vote.

Mr. HANSON (York-Sunbury): The Minister of Justice does not suggest for a moment that a condition precedent to government action is that the house should take action?

Mr. ST. LAURENT: Not at all. I am answering the reproach that I disregarded the view or recommendation of this house. I have not been here long, but I have been here long enough to conceive—that was true even before I came here—such a respect for the house that I should not like to be put in that position. I should not like anyone to feel that I would attempt to set up my own views against those of the majority of the house. But from what knowledge I had of what took place last year I did not feel that it was the view of the majority of the house that this recommendation should be implemented, and I felt I was at perfect liberty to wait until the house had expressed its views upon it.

There were other matters. I did give consideration to the way in which these regulations were drawn. Hon. members know, of course, that I was not here when they were originally set up. They were in such form that it might appear they imposed restrictions upon religious liberty, and I recommended to my colleagues, and in turn it was submitted to his excellency and approved, that the regulations be amended in such a way as to provide that no person shall be guilty of an offence against the regulations by reason only of his attending a meeting the sole purpose of which is religious worship or instruction.

Mr. DIEFENBAKER: That does not cover the situation at all. It used to be prima facie evidence of guilt, and this just removes the evidence of guilt and nothing else.

Mr. ST. LAURENT: My learned friend will have an opportunity of criticizing what we did. I want to give a factual statement of what was done.

There was a further amendment made which could properly be open to the criticism my hon. friend has just suggested. Formerly anyone who was an officer or member belonging to one of these organizations was guilty of an offence. This was amended to provide that anyone "who acted" as an officer or a member would be guilty of an offence under the defence of Canada regulations, subject, of course, to the provision that it would not be an offence against the regulations to attend a meeting for the purpose of worship or instruction. That is the factual situation, and it is the only point I wish to make at this time.

As to why the ban was originally imposed upon Jehovah's Witnesses, among other organizations, I have only hearsay information about that, because the regulations were passed at the very outbreak of the war, and this particular provision was adopted in June, 1940, a year and half before I left my professional activities in the city of Quebec. I have ascertained, however, that this is a very large international organization and the amount of literature that is put out from the Watch Tower on behalf of this organization is something fabulous; it runs into tens of millions of tracts and various other publications. It is also well known that thousands

of phonographs with recorded speeches of their great leader, the so-called Judge Rutherford, are being used to further enlighten the people. There are also, or there were, very large numbers of motor trucks fitted out with these phonographs and loud speakers to blare to the population at large the merits of that particular doctrine and the demerits of all religions. All religions, according to their theory, are satanic missions to establish and maintain the dominion of his satanic majesty over the whole earth. I do not imagine that was the reason why the regulation was originally enacted, but rather because their doctrine is, of course, against war. There is no war, according to their theory, that is anything but the machinations of the devil himself, and not only that, but their view is that human-made laws have no binding force upon the individual if they happen to contravene what these gentlemen regard as being proper human behaviour. This doctrine is certainly subversive of organized society.

Mr. HANSON (York-Sunbury): Does it go quite that far?

Mr. ST. LAURENT: I am informed that it does.

Mr. HANSON (York-Sunbury): I did not think it did.

Mr. DIEFENBAKER: The United States supreme court did not find that.

Mr. ST. LAURENT: Not on the evidence submitted. The supreme court, of course, had to deal only with the evidence that had been properly submitted in the case. That is the danger of the thing we are now being asked to do, that when you do not make the affirmation that a thing is illegal, the reverse is often asserted as being the effect of that decision, and what has been sought with respect to communists and all these others is something upon which they could declare that this house or this parliament had declared the party to be a legal organization.

With respect to the Ukrainian Farmer-Labour-Temple association and the Finnish organization, they were two incorporated bodies which were used by the communist party as the holding companies for all property acquired for the purposes of the communist party, and the situation with respect to those two organizations is the same as it is with respect to the party itself. No one will attempt to justify the burning of books. I do not know when or where or how that came about. The Department of Justice had nothing to do with the property of the banned organizations. The Secretary of State as custodian is a trustee accountable for the property temporarily vested in him as the result of the banning of an organization or the detention of an individual.

Mr. JOHNSTON (Bow River): What department ordered the destruction of these books? Their destruction must have been ordered by somebody. The Royal Canadian Mounted Police would not act without instructions.

Mr. ST. LAURENT: I do not know how, when or where it was ordered or even that it was ordered or that it was done, other than the information submitted through the reading of affidavits this afternoon by the hon. member for North Battleford. No one would attempt to defend the burning or destruction of property, whether it be books, music or anything else; and if the property has not been cared for properly by the custodian, he will in due course be required to account for his administration as a trustee of this property.

Mrs. NIELSEN: Have no letters reached the department from groups, such as the Ukrainian Farmer-Labour-Temple association, stating these things?

Mr. ST. LAURENT: There have been hundreds, thousands of letters and petitions, very often on mimeographed forms, indicating clearly that they came from one central spot and were the result of propaganda to achieve the object being pursued. But the hon. member will pardon me if I do not believe everything which is written in that kind of material which comes to the department.

As regards the communist party and the eloquent address we listened to earlier this afternoon, the reminder that they were the people who were saying in 1939 the things which everybody else is saying in 1943 or was saying in 1942, I have material which is in language as brilliant, as striking, as forceful as the language used by the hon. member to-day, and I would call the attention of the committee to some of it. It is from the election manifesto of the communist party of Canada.

Mr. COLDWELL: What year?

Mr. ST. LAURENT: In 1940, or subsequent to 1939. I think it was probably in relation to the election to which the hon. member for Vancouver East made some reference in his remarks this afternoon.

> They are conniving with the imperialist warlords of Europe to make war against the Soviet Union, the land of socialism, so feared and hated by the blood-drenching rulers of decayed capitalism. Because of this plan, they have been advised by Chamberlain to hold a quick election. . . .
>
> The King government and the capitalist warmongers intend to use this fake election to extend their lying propaganda about the war. . . .

In this war, the Canadian capitalists plan to revel in luxury at home, raking in the mounting piles of profits, while sending our best sons to rot and die in the trenches of someone else's war on a far-off continent. Greedily they count the millions that they will make from the life of every Canadian boy sacrificed on their barbarous altar of profits. A degenerate, besotten, parasitical class, they are carrying on a traffic in death. In exchange for war orders they are bartering Canadian lives. . . .

Then summing up the platform:

. . . Bring Canadian boys back to Canada! Not a man must leave Canada's shores to die in imperialist war!

Repeal of the War Measures Act! The real fight for democracy is here in Canada against the war dictatorship of reaction! Freedom for the honest working class press! Release Douglas Stewart of the Clarion! . . .

The communist candidates, fearlessly taking their stand upon this platform of your interests appeal for your support. Capitalism and the capitalist class, breeding crisis, poverty and the horrible slaughter of war, are your enemies, are the enemies of humanity. . . .

Unite your ranks, build up your popular united front to defeat the war offensive upon your living standards and democratic rights! Never submit to the virtual military dictatorship that has been established by capital! Not all their lies, nor all their persecution and suppression can defeat you!

Do not leave your fate and the destiny of your country in the hands of the parasitic, war-making capitalist class and their politicians! Determine to fight and live in Canada for peace and social progress; not suffer and die for profits! Extricate Canada from the imperialist war! . . .

Go to the polls and cast your votes for the communist candidates, for those who fight for your interests against the imperialist war camp! . . .

Join in one common front against this most criminal war of human history. Strike a blow in this federal election to save Canada, to end the war, for peace!

That is the kind of stuff which was being broadcast throughout Canada at a time when most of the Canadian people were realizing that the security and the very existence of the country were at stake, and a ban was placed by the defence of Canada regulations upon the organization whose views were thus expressed. These regulations were afterwards brought to the House of Commons, were considered and received the approval of the house. Now the effort is being made not only to lift the ban but for a declaration legalizing the communist party.

The statement is made that this is the only place in the British empire where communism is illegal. I take issue with that. There is no place where the common law of Britain prevails that communism is not illegal as a subversive doctrine, and the members of the Labour party in the United Kingdom do not seem to have had very much doubt about that when they were recently called upon to vote upon the proposal that since the dissolution of the Comintern they should admit the Communist party over there into their ranks. The same situation exists in the United States. Even if this were not on the books in the form of a defence of Canada regulation, the party would still be an illegal organization if, as its thesis always contended, and as was printed not more than fifteen months ago by the secretary of the great Civil Liberties League in Toronto, Mr. A. E. Smith, there is no other way, they themselves say, to institute their system than by violence. They say, "Of course the bourgeois, the capitalist class are never going to submit; we can only by violence overthrow them; we cannot get anywhere without it."

Mr. HANSON (York-Sunbury): I do not want to interfere with the minister's speech, but I should like to ask one question which I think is pertinent. The underlying principle of communism, as I understand it, is the overthrow of government by force. Is there any evidence in the files of the department which would lead the government to believe that that principle has been repudiated by this body?

Mr. ST. LAURENT: There have been statements from individuals—

Mr. HANSON (York-Sunbury): Individuals, yes.

Mr. ST. LAURENT: —repudiating it.

Mr. HANSON (York-Sunbury): But not from the body?

Mr. ST. LAURENT: The case of one man comes to my mind—I have not the file here—who answered, when these theses were put to him, well, of course he was prepared to suffer for those ideas.

Mr. COLDWELL: May I ask the minister a question? I think he should be careful in naming organizations. I think he is mistaken in Mr. Smith's connection with the organization; I do not think it is the Civil Liberties' League. Probably it has some other name.

Mr. HANSON (York-Sunbury): The communist party have changed the name and the gentleman still continues in office. It is merely a change of names.

Mr. COLDWELL: The Civil Liberties' League is a different organization.

Mr. ST. LAURENT: I stand corrected.

Mr. COLDWELL: Is it the National Council of Democratic Rights?

Mr. ST. LAURENT: Possibly. That is the name.

Mr. MITCHELL: They change their name so often.

Mr. ST. LAURENT: I am informed that at one time it was the National Council of Democratic Rights, and another time it was the Canadian Tribune Civil Liberties' Bureau of Toronto.

Mr. HANSON (York-Sunbury): No; I think the minister is wrong there. I hold in my hand an advertisement under the auspices of the Civil Liberties' Association of Toronto headed, "Help Canada to do justice," and the first signature is the Hon. H. C. Nixon, premier of Ontario. So that I think there is some error. Surely he is not in that bunch.

Mr. ST. LAURENT: I would not want any mistake over the designation to cause discomfort.

Mr. GRAYDON: The minister has not in mind interning the head of these signatories?

Mr. ST. LAURENT: The Department of Justice never has in mind interning anyone until facts are brought to its attention that cause the minister to come to the conclusion that such action is necessary for the safety of the state.

Mr. GRAYDON: The minister has an open mind on him anyway.

Mr. ST. LAURENT: And on all Canadian citizens.

That situation was dealt with. Section 98 of the criminal code was repealed, and those who were in the house at that time will remember that the late lamented Mr. Woodsworth taunted my predecessor with tendering with one hand what he was taking away with the other by reason of the amendment which at the same time he caused to be inserted in the code as to what amounts by statute to a seditious intention.

Mr. HANSON (York-Sunbury): Of course, his reason was that a deal had been made for the repeal of section 98. Yes; a deal was made for the repeal of section 98, and the other correlative part which I think the minister is about to read was not a part of that deal. I remember it very well.

Mr. ST. LAURENT: There was in section 98 practically a whole code which I do not think very many could support in its entirety. But what was inserted was section 133:

> Without limiting the generality of the meaning of the expression "seditious intention" everyone shall be presumed to have a seditious intention who publishes, or circulates any writing, printing or document in which it is advocated, or who teaches or advocates, the use, without the authority of law, of force, as a means of accomplishing any governmental change within Canada.

That is the common law doctrine in the United States, and it was on that doctrine that the attorney general of the United States gave his celebrated opinion in the Brydges case, because anyone is deportable if it is shown that at the time he entered the United States he belonged to an organization that advocated the use of force for the overthrow of American institutions.

To get back to something more within the scope of what is sought from this committee at the present time, this is an appropriation of $35,000 to cover the expenses of advisory committees that act under the defence of Canada regulations. The amount expended last year was almost twice that, because soon after I assumed office I came to the conclusion that there would probably be a large number of those interned who, upon examination of their cases, would be released, and I felt that if it were so in general, it was my duty to see that they got their hearings just as expeditiously as possible. I had three committees sitting practically all the time and about a thousand cases were considered. The situation now is that it will be only occasionally that committees will be required to sit and act, and it is for that reason that the amount of the appropriation asked for at the present time is considerably less than what was expended in the past year.

I was forgetting to speak of the special case referred to by the hon. member for Lake Centre. The defence of Canada regulations are a part of the law of the country and are administered in general, as is the criminal law of the country, by the attorneys general of the provinces. There arises frequently a confusion out of the fact that in some provinces the Royal Canadian Mounted Police has contracts with the provincial government to do provincial policing, and whenever there is something with which a member of the force is apparently connected the impression gets abroad that that is something that is being done by the Department of Justice. Most of the time that is quite wrong; it is something in which the Royal Canadian Mounted Police is carrying out duties and responsibilities of the attorney general of the province.

Mr. DIEFENBAKER: And responsible, under the Minister of Justice, to account to this parliament.

Mr. ST. LAURENT: A member of the Royal Canadian Mounted Police is responsible to the Minister of Justice if he does some-

thing which is not in accord with the contract entered into by the department with the province under the authority granted by this parliament. This parliament has provided under what conditions contracts may be made with a province or with a municipality to make the services of the Royal Canadian Mounted Police available to that province or that municipality for the ordinary police work in that locality.

Mr. DIEFENBAKER: What is the situation with respect to the use of the mounted police in the province of Quebec?

Mr. ST. LAURENT: In the province of Quebec there is no contract, nor do I think there is with any municipality in that province.

Mr. HANSON (York-Sunbury): Do they execute any authority in the administration of justice, in the province of Quebec, under the attorney-general's department?

Mr. ST. LAURENT: They do as sworn police agents, just as we expect the constables who are sworn under provincial or municipal organizations to cooperate in enforcing peace and order. However, I will make special inquiry with respect to the case to which my hon. friend has called my attention. I had heard nothing at all about it and was certainly aware of no instructions from the department to take these proceedings. I cannot say whether there were instructions from the attorney-general or from the mayor or what you will, but I will inquire and find out what is being done. I can assure my hon. friend, however, that there were no instructions from the commissioner of the Royal Canadian Mounted Police in that connection. The hon. member was under a misapprehension when he suggested that, though proceedings might be started by anyone, they could not be continued without the concurrence of the Attorney-General of Canada or the attorney-general of the province. That would be true under regulation 39, but prosecutions under 15 (a), for distributing pamphlets that do not show the printer's name and address, are not subject to that special requirement, and that article can be enforced under the ordinary terms of the summary convictions provisions.

Mr. HANSON (York-Sunbury): Then the minister suggests that as far as Quebec is concerned, taking the instance referred to by the hon. member for Lake Centre, the attorney-general's department of that province would have no jurisdiction and no right to command the services of the Royal Canadian Mounted Police.

Mr. ST. LAURENT: No right to command the services of the mounted police, but the factual situation is that the mounted police making investigations in any part of the province report them to the attorney-general of Quebec or his accredited representatives, and sometimes they are asked by the attorney-general or his representatives to make a complaint upon which proceedings are originated. But that is as peace officers and not because they are subject to any direction by the attorney-general.

Mr. HANSON (York-Sunbury): Full responsibility for their action is still here.

Mr. ST. LAURENT: Full responsibility for the action of the Royal Canadian Mounted Police acting as such is here.

Mr. HANSON (York-Sunbury): Or in any capacity, I should think.

Mr. ST. LAURENT: I would not say in any capacity, because there have been judgments where damages were claimed; for instance, where it was contended that a peace officer did not engage the responsibility of those who appointed him when he was exercising statutory powers given by the criminal code or other like legislation to a peace officer.

Mr. GRAYDON: We pay them and they should be responsible here.

Mr. ST. LAURENT: They should be responsible for what they are required to do, and as a matter of fact the commissioner holds them responsible to him for whatever they do.

Mr. GRAYDON: Which means that you hold him responsible to you?

Mr. ST. LAURENT: I hold him responsible to me, and I attempt to defend before this house the discipline he enforces among his men.

Mr. DIEFENBAKER: Mr. Chairman—

Some hon. MEMBERS: Six o'clock.

Mr. ST. LAURENT: Would it inconvenience the hon. member if some other item were proceeded with at eight o'clock? There is a dinner this evening at which the Prime Minister has asked me to accompany the guest of honour, and it would be inconvenient if I were not able to attend. So that if it does not inconvenience hon. members, perhaps trade and commerce and mines and resources might be proceeded with this evening.

Mr. GRAYDON: In that sequence?

Mr. MACKENZIE (Vancouver Centre): Trade and commerce first. There are two other items, one under the Secretary of State and one in the Post Office Department.

Mr. GRAYDON: Do I understand that trade and commerce will come first?

Mr. MACKENZIE (Vancouver Centre): Yes; then those two other items, and then mines and resources.

Mr. ST. LAURENT: I hope to be back some time later on, when the hon. member for Lake Centre is here, to continue this discussion.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF TRADE AND COMMERCE

Export permit branch—
Administration, $144,160.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Chairman, I do not wish to hold up these items at all, but seeing there has been no explanation made in connection with the various items, I thought I would make a brief explanation as they are called. In connection with the export permit branch I would inform the committee that at the request of the Department of Munitions and Supply, the wartime prices and trade board and other branches charged with conserving Canada's supplies, a great number of Canadian commodities are placed under permit before they can be exported. This branch considers the application, and either issues or refuses the necessary permit, after consultation with the various administrators and controllers.

Permits are refused for one or more of the following reasons: To conserve materials for Canada's own war effort, or that of the united nations; to conserve supplies for Canadian civilian use; to conserve supplies in order that our commitments to the United Kingdom may be fulfilled; because of dangerous destinations or undesirable consignees.

Mr. PERLEY: Will there be an opportunity to discuss the report of the wheat board, or should that discussion come under some other item?

Mr. MacKINNON (Edmonton West): I do not think there is any possibility of discussing wheat under any of these items. I hoped that the civil estimates for my department would be up within a short time.

Mr. PERLEY: When is that likely to be?

[Mr. Graydon.]

Mr. MacKINNON (Edmonton West): I cannot promise what may happen in the house, but I hope they will be before us shortly. I shall do my best to have them before the committee as soon as possible.

Mr. MARSHALL: What were the expenditures last year?

Mr. MacKINNON (Edmonton West): To a great extent this is a new development in the Department of Trade and Commerce. In the past year or two we have been talking over matters connected with the war. Those are the items under consideration to-night, and they are entirely separate and apart from the ordinary estimates of the department.

Mr. HANSON (York-Sunbury): This is purely an administration item. How big a staff has the minister? I thought a good deal of this work was being done by permanent officials from other departments?

Mr. MacKINNON (Edmonton West): Yes; there is quite a substantial staff. But a substantial number of them are officers of the Department of Trade and Commerce who have been holding other positions throughout the world as trade commissioners or assistant trade commissioners. These men are in Ottawa, having returned from overrun countries and, as the hon. member has said, they are being used very effectively on this work.

Mr. PERLEY: Would the minister deal with permits issued for the export of feed grains to the United States?

Mr. MacKINNON (Edmonton West): The export of feed grains does not come under this item. This item refers to export permits granted to the departments I mentioned.

Mr. CHURCH: This is the first opportunity this year we have had of dealing with the Department of Trade and Commerce. As hon. members are aware, these items refer entirely to war appropriations. The war has made a great many changes in the functions of this department. The chief difficulties I see in the work of this department are those which can be traced to the war. We must remember that, so far, trade has always followed the flag. To a great extent our trade has been carried on within the empire, and that portion of it carried on outside the empire has developed extensively through most-favoured nation agreements.

This is the first opportunity the committee has had to discuss our export and import trade, a process upon which the whole empire has developed. We have had many agreements affecting exports and imports. Trade is closely related to other problems of the empire to which we belong, and to the world at large.

For instance, defence is closely connected with trade. We have export and import trade. As we know, our development on the seven seas has been built up largely by our trade with the motherland and the empire. We did have an empire agreement with all the dominions and the crown colonies. The Department of Trade and Commerce has sent its commissioners throughout the world, and as a result we are very closely connected with our best customers.

Our best customer, however, is the mother country. She cannot any longer exist unless she is linked up with the empire. During the war we have seen the result of the disarmament policy, one which nearly finished Great Britain and nearly finished Australia and New Zealand. It also nearly finished the trade of this country.

I suggest that under this war appropriation measure the minister should state what Canada's policy and position is. We should be told our position now, as a result of the war, and as a result of our trade with our best customers. This empire had its being by the sea, and it cannot exist without the sea and the dominions. The senior dominion is Canada. We are still linked up with our best customer, and without that bond I do not think the empire could exist. As hon. members know, we have in Canada an abundance of raw materials.

The minister has done a very good job in expanding Canada's trade. He has developed to a greater extent trade with South America and with other parts of the outside world. We would hope, too, that our trade with those countries might continue after the war. I believe, however, that in connection with the war appropriation estimates the minister should sound a policy which would be well recognized and admitted. As I have pointed out on other occasions, the mother country has to import twenty-five out of twenty-seven of her raw materials. To a great extent she has to depend upon the empire for her supplies of those materials. I believe in the old policy of accepting an exchange of manufactured goods from her for raw materials.

Let us not forget that New Zealand, Australia and all the rest of the empire is linked up in this great fight. They have fought a good fight, and the empire has nearly beaten their enemy from without. The enemy from within, the war losses and depressions and that sort of thing, may still have to be faced. I would point out to the minister that last year Great Britain made a strong and binding agreement with Russia, under which Britain becomes what might almost be called, with Russia, the police constable of trade and commerce on the seas at both ends of Europe. The dominions are not parties to that treaty. The Anglo-Soviet treaty affects only the United Kingdom. It was signed without committing the other dominions in any way. The influence which Britain will have in the post-war period and in discussing the peace terms will depend largely upon the unity of her dominions. If the dominions try to stand alone as independent countries in trade and for defence purposes, they will not get on because none of them can stand alone without the empire. The dominions and the empire must be a unit in a military way, in a trade way or in a commerce way, because they are absolutely correlated and coordinated. I am one of those who believe that notwithstanding what has been done there will always be nations and international trade. We are largely dependent upon the motherland which has been our best customer in peace and war alike.

The empire must be maintained. I was glad to see the announcement made of an empire civil air conference—I do not know whether it is official—about the part that civil aviation will play after the war. We nearly lost the lead in civil aviation to the United States. I hope the Department of Trade and Commerce will look into this, because civil aviation is going to be one of the greatest agencies of trade. I hope it will be free from the war ministry. The dominions have had agreements for inter-imperial trade. We want to trade with South America, but we must not forget that we are part and parcel of the British empire. I am opposed to these ideas of internationalism that would force us to give up the sovereignty rights to our bases. I believe we should conserve our rights in these bases since in trade and commerce under our shipping laws the world's ships can go into any British port to do trade with us, provided these ships obey our port and municipal laws and do not attempt to engage in coastal trade. We should conserve the rights to these bases, and be ready to co-operate with our allies in trade, but no sovereignty over any of them should be given away to any other nation. They are empire ports.

Britain and the dominions have flourished as a result of trade carried on. The British empire has been a great customer of this country and it must continue to be. Great Britain is highly industrialized and we must continue to do business with her and give her liberally of the raw materials she needs. She has been one of our best customers. She must import twenty-five of the twenty-seven essential raw materials she uses, such as oil, iron, zinc, copper, tin, rubber, cotton, wool and timber. We never realized how important

were our relations with the mother country until the far east was lost. As individual members of the empire we can do nothing, but collectively we have a great advantage. The British colonies under the colonial policy of the mother country have provided raw materials for the whole world without let or hindrance or interference. Notwithstanding the fact that the colonies in the West Indies and the far east had trade agreements with the mother country, nothing was done to prevent them from supplying raw materials freely to the rest of the civilized world. We must do everything to help our empire trade because we cannot get on without it.

We should be ready to cooperate with our allies and allow them to use these air bases, but we should not give away sovereignty over them. The empire has thrown back its enemies from without and in my opinion she will go on to destroy them. Now is the time that we should try to recapture the spirit of empire and our faith and pride in our dominions and in our trade and commerce. The empire is a living thing and should not be allowed to go by default or into liquidation. The mother country and the dominions fought this battle alone for two years. Our soldiers carried on with those from India, New Zealand, South Africa, Australia and the empire training plan. We stood shoulder to shoulder in the snows of Labrador and Newfoundland and in the heat of India and the far east.

In the days before the war you could go into any large port and find fifteen or sixteen ships from different parts of the empire carrying on their trade. I believe that this same spirit of empire cooperation will continue in the years that are to come. Canada should be ready to go along with the dominions and the empire. The time has come when the Minister of Trade and Commerce should tell this committee and the country what our relations are with the other sister dominions who fought along with us for two years to save civilization. One of our great allies stood aside for two years with Germany, but Russia has since made a glorious record. To-day she is practically fighting her battles alone except for some supplies and munitions that are being sent in. Poland fought her battle alone, but now the dominions are united together in this fight in North Africa and in other parts of the world. Now is the time to build up our empire trade. The empire is our best customer. It stood by us when we were a small dominion. I should like to conclude by quoting what has been said in a great textbook by Professor Macneile Dixon, a great Scotsman, who has been interested in our empire and our trade. He said:

> Civilizations arise, and continue to exist—and all history is witness to the truth—when conditions are hard, only when they are continually threatened, only when they are determined to maintain and defend their rule. They decline and fall when the external pressure is removed, or the inner spirit . . . decays. If an individual or a people ceases to believe in itself, its aims and ideals, others with firm aims and beliefs will climb into the saddle. The decline and fall of England, which will rejoice our enemies, will not be England's decline and fall only, but of all for which she stood, and not till then shall we know the extent of our miseries. I, at least, am not of the opinion that humanity, justice, freedom, no, nor Christianity, will be the gainers in that fall.

Up to now our sister dominions have borne the brunt of the war, and we should rejoice to have attained the success we have recently in driving back the enemy. We should also rejoice to get into a close partnership with the other dominions and with the mother country with a view to making a better world.

I do not believe altogether in all this international policy. If we had had an international policy which meant the giving up of empire ports like Gibraltar and Suez, the Cape, the far east and the West Indies, where would we be to-day? The empire would have been destroyed, and that would have meant the fall of civilization. Let us cooperate in matters of trade along the lines of the old shipping laws, allowing other countries to use our ports, but as to giving up our sovereignty —no.

Mr. WRIGHT: Is this the item under which export permits are granted for shipments of coarse grains?

Mr. MacKINNON (Edmonton West): No. I did not want to interrupt the hon. member for Broadview, but his remarks would have been quite proper on the ordinary estimates of my department. I do not think they were quite appropriate on this particular item. I do not mention that in criticism of him but just as a suggestion to other hon. members.

Mr. DIEFENBAKER: I desire to deal with the question of the export of lumber, which is a matter of great importance, particularly to western Canada, where a number of small mills had from the beginning of the war contracts for the shipment of lumber to the United States to be used in various defence projects. The contracts allowed for a price to the Canadian producer that assured him of his costs and a profit. But some time ago, I think it was in October last, an order

was made forbidding the export of lumber to the United States, and an order in council was passed by the terms of which relief was given to the Canadian producer from the consequences of his being thus prevented from carrying out his contract in the United States. I should like to have a statement from the minister as to the policy being followed with reference to the export of lumber. That is a subject which is causing a lot of ill feeling in the United States to-day. They feel that they should have the privilege of receiving at least a portion of the lumber that is being produced in western Canada in order to permit of the completion of their defence projects, which are of direct benefit to the united nations. I should like also to know from the minister whether it is the intention of the department or of the board charged with the responsibility of setting the price to set the price at a higher level so as to ensure to the Canadian producers a reasonable profit. On the basis of present prices it is almost impossible for the small producer to get out the lumber at a profit, having regard to his production costs for labour and the like, which have materially increased within the last year.

Mr. MacKINNON (Edmonton West): The hon. member for Lake Centre refers to a situation with which I am familiar through the department and because I know of the difficulties of the lumber producers, particularly in the northern portions of the three western provinces. The matter has had to be decided on the basis of where is the greatest need for lumber. We reached the point where lumber exports to the United States had to be stopped on account of the need for lumber at home in our own war construction projects, not only in western Canada but in all parts of Canada. I do not think there is any misunderstanding in the United States over our action in this matter. We have had conversations with United States authorities, and they are fully aware of our peculiar position and of our requirements for more lumber than we can produce. I am sure the hon. member knows that arrangements have been made to assist the lumber producers at least in part, in compensation for the loss of the higher prices in the United States market.

Mr. DIEFENBAKER: What is being done?

Mr. MacKINNON (Edmonton West): A bonus is being paid to the producer.

Mr. DIEFENBAKER: What is the amount?

Mr. MacKINNON (Edmonton West): I am not sure at the moment.

Mr. HANSON (York-Sunbury): Does this bonus operate through the minister's department?

Mr. MacKINNON (Edmonton West): No; it is paid through the Department of Munitions and Supply.

Mr. HANSON (York-Sunbury): What percentage of our lumber is being exported to the United States, and what percentage is being retained in Canada?

Mr. MacKINNON (Edmonton West): My understanding is that practically all our lumber is being retained. For a while we allowed lumber to be exported to the United States for purely war purposes.

Mr. DIEFENBAKER: The point I am endeavouring to make is this. Our producers in the northern parts of western Canada got out a great deal of lumber in the expectation of receiving a certain price under contracts which they had in the United States at that time. Now they are required to deliver that lumber to Canadian consumers in Canada at a considerably lower price than they were receiving on these United States contracts. The result is that many of our small operators are losing money on the sale of their lumber at the Canadian price, even taking into account the bonus that is given.

I have another question to ask the minister. Exceptions are made from time to time. I am not going to name the company unless the minister asks me to do so, but exceptions have been made. There is an exception made in Saskatchewan and Manitoba, where one large producer is permitted to export to the United States. I should like the minister to explain the basis upon which one company is given an export permit, while another company in the same position is denied the privilege of exporting to the United States and is required to sell to the Canadian market at a lower price.

Mr. MacKINNON (Edmonton West): So far as my department is concerned I do not think that situation exists. I am familiar with the situation my hon. friend describes. I know that the producers to whom he refers in the northern parts of Saskatchewan, Alberta and Manitoba were enjoying a lucrative market in the United States. But Canadian needs made it imperative that we stop these shipments to the United States. Recompense has been made in part to these producers, and their loss in part is consequent to the war and is accepted as such.

Mr. DIEFENBAKER: That still does not answer the question as to the basis upon which consideration is given to one company

to make exports from Canada that is denied to others. I know the minister is very much interested in this problem because it is one which affects him, as it affects all members from western Canada. It has caused a great deal of difficulty in these areas of northern Saskatchewan I speak of now, where the export market made possible the production of a great deal of lumber on the basis of the prices which were contracted for. There is a great deal of lumber available in northern Saskatchewan—the same applies in Alberta and Manitoba—which could be got out if only the price were fixed at a level considerably higher than the present price.

Mr. MacKINNON (Edmonton West): Labour is the real difficulty.

Mr. DIEFENBAKER: These lumber producers had certain definite commitments in the United States. The contracts permitted them to pay higher wages than otherwise would have been the case. Last fall the situation in Saskatchewan was this, that many of these smaller lumber producers were ordered to ship their lumber to wholesalers in Saskatchewan and Manitoba at a price considerably lower than the prices which the producers had contracted for in the United States. But the benefit did not pass to the consumer. The producers had a certain fixed price designated by the Department of Munitions and Supply, I assume, in cooperation with the Department of Trade and Commerce. They were directed to deliver lumber at such price to wholesalers in the western provinces, and the wholesaler in turn took that lumber, at a price of $34 including the freight, or of around $28 or $30 at the place of shipment, but the price paid by the consumer, the farmer who required lumber to build granaries and the like, was considerably in advance of the price which was paid by the wholesaler.

My suggestion is this, that in order to induce and accelerate production of lumber, the producer should be allowed to sell to his own customers instead of being directed to sell through the medium of other wholesale concerns. In that way the producer would be induced by the extra price to produce more lumber than he is producing to-day, would be able to secure a fair profit, and the consumer would be assured of receiving lumber at a price considerably lower than now prevailing. I realize that there was a necessity for putting into effect an embargo against the shipment of lumber outside Canada by reason of needs within Canada, but I submit that in making that determination of policy the government should have set a price so that the producer would be assured of a fair and reasonable profit, which is not the case to-day, I make a plea to the minister that consideration be given to increasing the price by increasing the bonus. There is any amount of lumber available; all that is required is a price which will assure the small producer of a profit, and I think the needs of western Canada, particularly for granaries for the crops this fall and for necessary defence projects, will be secured. But to follow the present policy will mean an ever-increasing shortage of lumber production, which is something we want to guard against at this time.

I should like the minister to explain the basis upon which the board determines that certain companies shall have the privilege of exporting whereas on the other hand others are denied that right.

Mr. MacKINNON (Edmonton West): I am not sure that the hon. member understands that the Department of Trade and Commerce in its handling of export permits is the machinery through which those permits are issued or refused. We handle them at the request of various other departments of government. Most of the hon. gentleman's argument is based, I think, on the reasons those departments have for asking us to put the export permit against those products. At the same time I have been in very close touch with the operation of this, and I would be greatly interested in hearing that any individual lumber producer in any of the western provinces or elsewhere in Canada has a preferred position in relation to any other. I shall be very glad to make inquiries of the department having to do with that.

I do not want to get into any long argument upon this, but I think the hon. gentleman was more or less advocating that there should be higher prices paid for lumber so that a higher wage scale could be paid.

Mr. HANSON (York-Sunbury): He did not say that.

Mr. DIEFENBAKER: No—so that a profit will be returned to the producer which will accelerate production.

Mr. HANSON (York-Sunbury): And compensate him for the lost contracts.

Mr. MacKINNON (Edmonton West): As I have said, compensation is paid to a certain extent. I am quite aware of the fact stated by the hon. member for Lake Centre that the lumber producers are not satisfied with the bonus which has been given to them. I have heard from too many of them to have any

doubt about that. But I also am under the impression, and I am quite satisfied I am correct, that these producers can sell direct to retailers.

Mr. HANSON (York-Sunbury): How large is the bonus paid?

Mr. MacKINNON (Edmonton West): It is not in my department, and I have not the figures under my hand.

Mr. HANSON (York-Sunbury): I think the item should stand until the minister gets the information.

The CHAIRMAN: Shall the item carry?

Mr. HANSON (York-Sunbury): I think the item ought to stand until we have the information.

The CHAIRMAN: The minister has said that it is not in his department. He should not be expected to answer that.

Mr. HANSON (York-Sunbury): But this is an administrative item, and therefore every phase of the position is capable of being discussed under this item. If a bonus is being paid under this export system, information of the amount should be available under this item.

Mr. MacKINNON (Edmonton West): I just want to reiterate what I have said: it is not a matter of this department at all, it is a matter of another department for which we are handling export permits.

Mr. DIEFENBAKER: I do not wish to be misunderstood as saying that they do not have the right to sell to consumers, but they have not the available methods of distribution, having no yards, and therefore are required by order to deliver to the distributing agencies.

Mr. LITTLE: They can start a yard if they like.

Mr. DIEFENBAKER: Yes. They could start a yard if they liked; that is true enough. Lumber companies in Ontario are allowed to export to the United States to-day, are they not? They have that right even at the present time, provided the lumber is going to users who are working on direct war orders. Why, then in view of the fact that Ontario producers of lumber have that right, have western Canadian producers of lumber not the same right? There is one lumber company in the province of Manitoba that has the right to export fire-killed lumber to the United States. I should like the minister to look into this matter. It is one that vitally affects many small operators in the northern parts of the three western provinces. They ask why it is that they are denied the privilege, which to-day is extended to operators in the province of Ontario, of shipment to the United States.

Mr. MacKINNON (Edmonton West): May I reply to the question asked by the hon. member for Camrose (Mr. Marshall). As far as my department is concerned, this branch carries itself. The total expenditure of the branch to March 31, 1943, was $99,842.11, and the total revenues for the same period were $139,727.53.

Mr. MARSHALL: The minister stated that the payment of the bonus on shipments of lumber to the United States was not a matter which concerned his department. Would this be the direct concern of the war-time prices and trade board operating under the Department of Finance?

Mr. MacKINNON (Edmonton West): I believe the particular question under discussion has been a matter for munitions and supply.

Item agreed to.

Canadian shipping board—
Adminisration, $92,435.
Revolving chartering fund, $500,000.
Total, $592,435.

Mr. HANSON (York-Sunbury): Is this a new item?

Mr. MacKINNON (Edmonton West): Yes.

Mr. HANSON (York-Sunbury): This requires a substantial explanation.

Mr. MacKINNON (Edmonton West): The responsibility and functions of this board are to advise the government, or government departments concerned, on matters relating to war-time shipping; to ensure that the Canadian merchant marine is used to maximum efficiency in the war effort; to service and to control the movement of Canadian waterborne trade; and to administer its own regulations governing Canadian vessels; to work in cooperation with the United Kingdom ministry of transport and the United States war shipping administration; to ensure that neutral shipping shall operate as far as possible in the interests of the united nations. There is a revolving chartering fund in connection with the operations. The purpose of the vote is to provide a fund upon which the Canadian shipping board can draw for necessary war-time chartering operations in the national interest. The money is not actually expended but only loaned. It is returned to the government by payments for space et cetera.

Mr. HANSON (York-Sunbury): What is the set-up of the board which is to have this $500,000? Who is the head of the board? The minister's statement is a very general one dealing with principle; there are no details in it at all. What is the name of the board?

Mr. MacKINNON (Edmonton West): The Canadian shipping board.

Mr. HANSON (York-Sunbury): Who is the head of it?

Mr. MacKINNON (Edmonton West): Mr. MacCallum. He is an able and experienced man on loan from one of the shipping companies.

Mr. REID: Does this board cooperate with the Park Steamship company who are chartering out to merchants or traders ships built by the Canadian government, and likewise loaning ships to Great Britain and operating, besides, twelve or fourteen ships for the Canadian government?

Mr. MacKINNON (Edmonton West): This board handles the vessels to which the hon. member refers. Some of them are operated by the Park Steamship company and some by other agencies.

Mr. PERLEY: Do they control shipping on the great lakes?

Mr. WRIGHT: Has this board anything to do with inland shipping on the great lakes?

Mr. MacKINNON (Edmonton West): Yes.

Mr. WRIGHT: Will the minister give some idea of the situation with regard to the boats necessary for the movement of grain on the great lakes? At present there is a considerable demand for coarse grains in the United States, but apparently there is lack of shipping space. The other day the Minister of Agriculture stated in the house that there was a tremendous shortage of railroad cars for the movement of grain, and I was surprised at what I read in the evidence given before the special committee on reconstruction and reestablishment, on July 8, by Mr. Vaughan, chairman and president of the Canadian National Railways. In answer to a question with reference to this point he stated:

> We can handle a lot more grain than is being offered. There was a time at the first when we were rather short of cars; but Mr. Walton attended several meetings on that and I think he can give you more information than I.

Mr. Walton then made this statement:

> We attended the meetings of the grain committee of the cabinet and other meetings. The situation is this, that during the severe winter weather handlings were naturally cut down. Ever since the cessation of bad weather we have been in a position to handle a considerably greater quantity of grain than has been rolling. Various causes contributed to it but as far as the railway position is concerned we can handle more than is being offered to us at the moment —I am speaking only for the Canadian National, of course.

Later on, Mr. Walton made this further statement:

> But again there was a marked increase in the rail movement of feed grain to eastern Canada, of which we can handle any reasonable quantity they offer us.

We all know that the price of these grains in the United States is much above the Canadian price, and as a result of that a considerable premium is paid in the form of an equalization fee on these grains being shipped to the United States. In the *Rural Cooperator* of Tuesday, July 13, this statement appeared:

> To-day the government is asking 34 cents per bushel for export permits on barley going to the United States, and 17 cents per bushel on oats. . . .

In view of the price the western farmer has been receiving for his coarse grain, below cost of production, the government should make every effort to see that this grain is moved at this time so that the premium may be obtained. The railway companies state that they have cars. Will the minister explain what the situation is on the great lakes as regards the movement of this grain? I am referring not only to the movement of grain to the United States, because large quantities of grain should be brought to eastern Canada for consumption this winter. There will be a scarcity of these grains, and if we have a severe winter, as we had last year, the railroads may find themselves unable to handle the grain. The shipping situation on the great lakes is of vital importance to the west. Apparently there is a shortage of bottoms. What are they being used for? Exactly what is the situation?

Mr. MacKINNON (Edmonton West): The boats on the great lakes which in pre-war days handled wheat more or less exclusively to-day are handling munitions and war supplies, principally ore which they take to eastern points. The situation is being given careful attention by the people who are interested in moving coarse grains and wheat from the west to the east. Some time ago I saw statements which were made by the railway companies before one of the committees of this house to the effect that more grain could be carried by them, intimating they had cars available to carry more grain from western Canada. I immediately took up this matter with the wheat board in Winnipeg, who replied expressing

their surprise that such statements should be made, since that was not their understanding, and as a matter of fact according to their information the car shortage remained very acute. I wrote to at least one of the railways, pointing out these facts and referring to the statement that had been made before the committee here, and I asked for an explanation. I believe that letter went out only yesterday, and as yet there has not been time for a reply. The hon. member knows western Canada, and I am sure he realizes that there is a very great shortage of box cars there. At the present moment I believe there are, between the head of the lakes and western Canada, cars loaded with thirty million bushels of wheat. There has been delay in unloading those cars on account of an acute labour situation at the head of the lakes. Through the Department of Labour and other departments of government we have brought all possible pressure to bear on the situation, in an effort to take care of that bottleneck. Everyone recognizes the seriousness of it; everything possible is being done, yet we are not meeting with very great success.

Mr. PERLEY: I wanted to ask a question with regard to shipping on the great lakes and the control of the United States vessels engaged in that trade. I also wanted to know if this board had control over the rates charged, but when I asked whether this shipping board had any jurisdiction over lake shipping the minister said, no.

Mr. MacKINNON (Edmonton West): I did not understand the question.

Mr. PERLEY: The minister said the shipping board had nothing to do with that matter, but then he allowed the hon. member for Melfort to bring it up again. So that I think he was just a little hasty in replying to me.

Mr. MacKINNON (Edmonton West): I am very sorry; I just did not understand the hon. gentleman's question.

Mr. PERLEY: Then would the minister tell us how many United States boats are taking wheat from Fort William at the present time?

Mr. MacKINNON (Edmonton West): I cannot give that information.

Mr. PERLEY: Has there been any increase in lake rates on grain carried by United States vessels from Fort William to United States ports, since the opening of navigation?

Mr. MacKINNON (Edmonton West): I cannot give that information, either. I believe all these questions could be answered when my own estimates are brought down.

Mr. HANSON (York-Sunbury): The Minister has not the information before him?

Mr. MacKINNON (Edmonton West): No.

Mr. POTTIER: I understand that this board must either approve or disapprove when one of the defence departments desires to acquire a vessel; that is, the Canadian shipping board is asked to consent or otherwise when a vessel is chartered or acquired by one of the defence departments. It seems to me the board can be of great service in guarding the interests of the ship owners on the Atlantic coast, in particular, if it performs its duties as it should. I would suggest that before a vessel is either purchased or chartered, this board should go into the question very carefully, to see whether or not a boat cannot be built for the purpose, or obtained from some other source, so that commerce and trade will be disrupted as little as possible. We find that a boat may be acquired from an individual who has no other means of earning a livelihood. I urge the minister to make representations to the board so that careful attention may be given to these matters, with a view to causing as little disturbance as possible when boats are required by the defence departments.

Mr. MacKINNON (Edmonton West): I shall be glad to do that.

Mr. ROSS (Souris): The minister said that thirty million bushels of grain were loaded in cars because it was impossible to get labour to unload them. To me that is a serious matter, just when we are approaching another harvest; certainly it is going to be a tremendous worry to many western producers. I wonder if the minister would say what space is available for grain in the terminals, provided it can be unloaded from the cars. He might tell us also how long those cars have been loaded, either at Fort William or in transit. I think that would be useful information for the producers, who would like to know what they will be up against during harvest time.

Mr. MacKINNON (Edmonton West): I am speaking from memory, but I think at the present time there is space for something like sixty to seventy million bushels. Within the last twenty-four hours permission has been secured from the proper authorities to increase the pay of the men who are doing this difficult and dirty job at the head of the lakes. Then we thought we might be able to get some

surplus labour from internal elevators throughout western Canada, and that position has been explored very thoroughly. As I stated, we have been in close contact with labour, asking for a high priority; we have had these units classed as war units, and have been doing everything possible to get the necessary labour. I quite realize that the situation is serious, as the hon. member for Souris has said, with another crop coming along in western Canada. I might add that only today I had further assurances, though they were not too definite, that the officials are hopeful that the whole quota can still be taken before the end of the crop year.

Mr. WOOD: I shoud like to ask the minister a question in regard to these permits. The minister has said that the issuing of permits does not come under his department, but as the hon. member for Melfort has suggested, the export of feed grain does come more or less under this department, and it seems to me we have two serious situations in Canada, both of which are aggravated by the shortage of shipping. We have an abundance of grain out west, which I am led to believe has been stored in the fields, while in Ontario and eastern Canada we have empty granaries, and the prospects are that there will be a crop only in Ontario. The farmers of this province have increased their live stock since the beginning of the war, and it is essential that a good deal of that grain be moved east. I know that will be a tremendous job, with the serious car shortage, but I feel that some effort must be made to work out a scheme under which the farmer in Ontario with the empty granary will be able to relieve the western farmer of his abundance which he cannot store. It seems to me essential that some shipping space be made available, or else both the farmer in the west with the surplus of grain and the farmer in the east with the abundance of live stock and an empty granary are going to lose. I do not think we can lightly pass over this problem; I believe we must so direct our efforts and energy that we can relieve both these serious situations, or in other words kill two birds with one stone.

I should like to have something fairly definite on this, because I live in a live stock district, and I have received many inquiries from farmers who are very much worried over the prospect of this grain not coming to Ontario, in view of the fact that there is such a demand in the United States at a higher price. It is true that the farmers of eastern Canada are protected by the ceiling price. I noticed that the hon. member for Melfort quoted from the *Rural Cooperator*. I brought along a copy of the same paper, from which I intended to read; then the hon. member went on to say that he was anxious to see the government make haste in order that the western farmer might get the benefit of the premium which is being offered. I want to tell the hon. gentleman that the eastern farmers are just as anxious to get some benefit from that premium, too, because if that grain is to be brought here and fed to live stock, it is necessary that the eastern farmer be able to purchase it as cheaply as possible. We are prepared to share the benefit with the western farmer, but we do not want him to have all the benefit. I think some way should be worked out under which this benefit could be shared equally as between east and west.

Mr. WRIGHT: I was not saying anything against the eastern farmer getting the grain. As a matter of fact I was anxious that he should get it, and that is why I was asking that the shipping situation be investigated and more boats made available. Certainly it is a serious situation when twenty thousand of our railroad cars should be tied up because they cannot be unloaded. That is what it means, if we have thirty million bushels of grain in transit; twenty thousand railroad cars are tied up, storing grain, when they should be moving the grain to the head of the lakes. If it is the labour situation, selective service should certainly get some of these men who are at present working in non-essential industries, and put them where they would be doing something useful for the war effort. We have a labour department and a selective service organization in the dominion to attend to people engaged in non-essential industries, and it is time selective service got to work and used a little bit of compulsion to see that necessary things are done first.

Mr. HANSON (York-Sunbury): I should like to have a little more information with respect to this new departure of establishing a revolving fund of $500,000 for this Canadian shipping board. I assume that this is working capital for the board. Why is it necessary that government funds should be put up for this purpose? I venture to suggest it is the first time the government of the day has supplied working capital for chartering ships and carriers by water for domestic and foreign transportation. We know that all ocean transportation is under the control of the British ministry of shipping, so that of necessity the operations of this board must be confined to the domestic situation. I find it difficult to understand, although there may be good reason, the necessity for this new departure. Have we to charter United States bottoms to carry our goods on the great lakes, and is it

a government movement that is being carried in those vessels? If that were so, I could understand there would have to be a certain amount of working capital advanced through this department, or some other agency, to take care of that position. However, the minister did not make clear what the position was, and since this is a new vote involving a substantial sum I believe we ought to have some further explanation.

I wish to make sure that this evidence of working capital will come back to the treasury. That, to my mind, is important. If this is a business proposition, I would be in favour of it; but I should like to know something more about it.

Mr. MacKINNON (Edmonton West): As I said, the money is used as a fund from which to draw when chartering vessels. At times when a vessel is chartered certain advances have to be made. That money is recovered by the carrying charge on the freight.

Mr. HANSON (York-Sunbury): Out of the freight?

Mr. MacKINNON (Edmonton West): Yes.

Mr. PERLEY: The minister has been talking about elevator space. Would he tell the committee what space is available in government terminal and other public terminal elevators, east of the great lakes? For instance, I am informed within the last week that the terminal at Prescott is practically empty. Why should that be?

Mr. MacKINNON (Edmonton West): I think we are getting pretty far afield. However, in answer to the hon. member for Qu'Appelle I would explain that I have been checking up recently on spare capacity or space in elevators in the east, and I am informed that whereas there has been a certain amount of space available recently, it is expected that this will be used very shortly, through the operations of the wheat board.

Item agreed to.

Shipping priorities committee—
Administration, $59,960.
Gift of wheat to Greece, $6,000,000.

Mr. HANSON (York-Sunbury): Would the minister explain these items?

Mr. MacKINNON (Edmonton West): The work of this committee is to ensure that shipping supplies will be made available for essential war supplies, and that non-essential supplies will not take all available shipping space. This committee cooperates closely with the controllers and administrators, and its work dovetails with the work of the Canadian shipping board.

Mr. HANSON (York-Sunbury): This is a new agency, is it?

Mr. MacKINNON (Edmonton West): Yes.

Mr. HANSON (York-Sunbury): Are these civil servants, or are they new men brought in to do the work?

Mr. MacKINNON (Edmonton West): Trade commissioners are in charge.

Mr. HANSON (York-Sunbury): This is being charged as a war appropriation, and not to civil estimates. Will there be a corresponding reduction in the civil estimates of the department?

Mr. MacKINNON (Edmonton West): Yes; that is correct.

Mr. PERLEY: This item includes the shipment of wheat to Greece. I understand the minister was at an eastern terminal recently celebrating the loading of a vessel. Would he inform the committee—

Mr. MacKINNON (Edmonton West): Are we considering that item?

Mr. PERLEY: I understood the Chairman to read it.

The CHAIRMAN: I called the two together because, generally speaking, the lengthy discussion takes place on the administration item, and the shipment to Greece is rather closely connected.

Mr. PERLEY: Out of what crop year was the wheat taken? Was it from the 1940, 1941 or 1942 crop?

Mr. MacKINNON (Edmonton West): I am sorry I have not that information. Here again I do not wish to become involved in the discussion of a matter which might more properly be discussed at another time. However, I imagine the wheat board took it on the basis upon which they have been delivering grain, namely a percentage from one year, a percentage from another, and a percentage from another. As the hon. member knows, wheat is wheat, and a particular crop cannot be identified except as to quantity.

Mr. PERLEY: If some of the 1939 or prior crops, of which they have quite a surplus, were taken at the price indicated, it would make quite a difference. There would be a considerable difference if it were taken at last year's price.

Mr. MacKINNON (Edmonton West): I believe it is well known that this gift of wheat has been made to relieve suffering and privation caused by the German invasion of Greece.

Mr. HANSON (York-Sunbury): We understand that.

Mr. MacKINNON (Edmonton West): It is a free gift of 550,000 bushels of wheat per month to the people of Greece. To date these shipments total well over 5,000,000 bushels.

Mr. PERLEY: What will the total bushelage be for the $6,000,000?

Mr. MacKINNON (Edmonton West): We are continuing to give Greece this quantity of wheat per month.

Mr. PERLEY: Is the board taking up any of the options at this price in the open market?

Mr. FAIR: What return will a wheat grower get from this $6,000,000 worth of wheat being sent to Greece?

Mr. MacKINNON (Edmonton West): The hon. member means those who have an interest in participation certificates.

Mr. FAIR: The actual grower of the wheat.

Mr. MacKINNON (Edmonton West): He will get the market price.

Mr. HANSON (York-Sunbury): Will he get the market price, or will he get the price which is allotted to the particular year, depending upon what wheat is shipped? Are futures bought and filled out of this year's crop? What is the position?

Mr. MacKINNON (Edmonton West): This is a gift of wheat.

Mr. HANSON (York-Sunbury): We all know that. The minister does not need to tell us that again.

Mr. MacKINNON (Edmonton West): I am not in position to say from which crop this wheat will come, nor am I in position to say what price is agreed upon, but I have no doubt it is the proper price.

Mr. HANSON (York-Sunbury): Of course that is not good enough.

Mr. DONNELLY: When the wheat board officials were here they told us that in making shipments out of the country they took wheat from different years. They did not want to take it from one year because, if it were sold at a good price, that year would make a profit, but if it were sold at a loss, that year would make a loss. Therefore, in selling any quantity of wheat they would allocate a certain amount to each year, so that each year will be suffering together or making a profit. I presume in making the shipment of $6,000,000 worth of wheat to Greece they will allocate a certain portion to each year and charge it up to the government accordingly.

Mr. HANSON (York-Sunbury): Is that the position? I should like to have my information from the minister, and I say that with all respect for the hon. member for Wood Mountain (Mr. Donnelly) who probably knows more about it than the minister.

Mr. MacKINNON (Edmonton West): Quite possibly.

An hon. MEMBER: He is doing pretty well.

Mr. HANSON (York-Sunbury): The minister is not doing prettty well at all. The minister just knows that this is a gift of $6,000,000 worth of wheat; but where it comes from or where it goes to or from what crop it comes from or what price is being paid, the minister does not know any more about it than I do. I make that statement and I think I am pretty near within the mark.

Mr. ROSS (Souris): I do not think the question has been properly answered. While what the hon. member for Wood Mountain has said is the fact to some degree, the practice is to average the sales from the years from which the wheat is taken, and until settlement is made no one can say what the price will be.

Mr. MARSHALL: Is this not a gift of wheat which will be shipped within the next twelve months?

Mr. MacKINNON (Edmonton West): This sum is to purchase wheat that will be shipped.

Mr. WRIGHT: Is it intended to limit the amount of wheat to be shipped to Greece to $6,000,000 worth or will the government continue to ship as long as there is a need and shipping space is available?

Mr. MacKINNON (Edmonton West): As long as shipping space is available and as long as we have the wheat to give, we will send 26,000 tons to Greece every month.

Item agreed to.

Shipping priorities committee—

Steamship subsidies war stabilization fund, $500,000.

Mr. MacKINNON (Edmonton West): It has been necessary to grant increased subsidies to various steamship companies in

order to enable them to carry on under war-time conditions. Additional bonuses are paid in the operation of such services, namely, first, to provide for war bonuses to crews of vessels; second, war risk insurance on the vessels; and third, increased expenditures on fuel, marine insurance, et cetera. People who have contracts with the department which are expiring are coming to us with their audited statements to show that they cannot possibly carry on with their present contracts. This fund enables us to pay, after investigation, increased bonuses for the continuation of services where necessary.

Mr. HANSON (York-Sunbury): It is just another bonus on account of the high cost of living and operation. Who is to get this $500,000?

Mr. MacKINNON (Edmonton West): There will be different amounts to different people.

Mr. HANSON (York-Sunbury): I suppose there will be; I do not suppose that one man will get it all, but the minister must have details in front of him of the various ship companies, local and otherwise, which will get this $500,000. We should like to know how it is to be allocated.

Mr. MacKINNON (Edmonton West): I shall have that information available on my ordinary estimate.

Mr. HANSON (York-Sunbury): The minister does not have it now?

Mr. MacKINNON (Edmonton West): I have not.

Mr. HANSON (York-Sunbury): The point is that this half million dollars is being taken out of the war appropriation instead of the civil estimates in order to carry on civil operations, the increased cost of which is on account of the war. Is that the right explanation?

Mr. MacKINNON (Edmonton West): That is right.

Item agreed to.

National research council—
Special war activities, $2,114,708.

Mr. MacKINNON (Edmonton West): The reason for this item appearing in the war appropriation is obvious. There have been increased investigations on account of the war, and this vote is to permit the national research council to carry on investigations into war problems and to permit the expansion of investigations into certain problems which are now in progress. There is an item under national research council in my ordinary estimates. I have been asked by many people, both inside and outside the house, for a more or less detailed report on the work of the national research council. That is a report which it is difficult for a layman to give; that is a report in the preparation of which great care must be taken because of the many war investigations and experiments that are being carried on by the national research council. Anticipating that there would be a great deal of information that hon. members would like to have, I have had a statement carefully prepared covering the operations of the council and it is my intention to ask the consent of the committee to place this on *Hansard* so that hon. members may have an opportunity to read and study it. Questions can be submitted when my ordinary estimates are up for consideration.

Mr. HANSON (York-Sunbury): Is it very long?

Mr. MacKINNON (Edmonton West): Yes, it is.

Mr. ROSS (Souris): I have asked for certain returns in this connection, and there is one in particular to which I should like to have an answer. This was in connection with the manufacture of synthetic rubber. I have never been able to obtain the exact comparison between the cost of using wheat alcohol and a petroleum base in the manufacture of synthetic rubber. If this information could be obtained, I think it would be most beneficial. A recent article was put out by the line elevators stating that this could be cut in half.

Mr. MacKINNON (Edmonton West): I believe the information the hon. member for Souris is anxious to get will be found in what I am asking to be placed on *Hansard*. If it is not, the hon. member can tell me within the next day or so, and I shall be glad to see that it is prepared for him.

Mr. HANSON (York-Sunbury): Is there anything in the report with respect to alcohol produced from potatoes, which is a live question in my part of the country? You cannot have it all wheat and petroleum.

Mr. MacKINNON (Edmonton West): I think the hon. member will find a comparison of figures in the report.

The CHAIRMAN: Then by unanimous leave of the committee shall the report be inserted in *Hansard*. Is that the pleasure of the committee? Carried.

Mr. MacKINNON (Edmonton West): The report is as follows:

NATIONAL RESEARCH COUNCIL

Industrial Uses of Wheat

The possibility of using wheat for the production of war chemicals is a question which has often been raised and is a problem which has received a great deal of consideration. Alcohol has been produced from starchy materials for a very long time and the processes involved are well known. Production methods have been developed to the point where increased yields of alcohol per bushel of grain cannot be expected. However, improvement in manufacturing technique might slightly reduce conversion costs. Wheat yields alcohol in proportion to the amount of starch present, and in most Canadian varieties the maximum possible yield is in the neighbourhood of 2 gallons per bushel. Since the conversion cost is from 15 to 17 cents per gallon, it is evident that the total cost of producing alcohol from wheat is chiefly dependent on the initial price of the wheat. Therefore when wheat sells for 90 cents per bushel, the manufacturing cost of alcohol would not be less than

$$\frac{90}{2} = 45 \text{ cents} + 17 \text{ cents} = 62\text{c per gallon.}$$

The recovery and sale of the feed portion may reduce this cost by 5 cents per gallon. In normal times alcohol can be produced from molasses in Canada at a total cost not exceeding 25 cents per gallon. It is evident that only when cheap fermentable materials such as molasses are in short supply can wheat be used to advantage in this field. At the present time practically every distillery in Canada is making alcohol from wheat; in these circumstances there is no need for pilot plant studies on this problem.

However, other chemicals more valuable than alcohol can be produced from wheat by fermentation processes. The national research council has made a very intensive study of the production of butylene glycol from wheat. This chemical can be more advantageously converted to butadiene than alcohol, and also has many other possibilities, for example in the manufacture of solvents, plastics, pharmaceuticals, and particularly as an anti-freeze. The production method has been fully worked out at the national research council and at the present time a pilot plant is being built to make large scale studies applicable to commercial practices and to obtain an estimation of production costs. The design of this plant is flexible enough, with minor changes, to permit the investigation of all types of fermentations including alcohol production if such should be required under any new circumstances which may arise.

Shortages of starch and starch products formerly made principally from imported products have aroused interest in obtaining starch from wheat. The national research council has developed an improved method for separating the starch and gluten fractions of wheat flour. Wheat starch is equally as suitable for the manufacture of sugars and syrups as is corn or potato starch and is known to be suitable for other industrial uses as in sizings for papers and textiles, adhesives, et cetera. The national research council is making a pilot plant study of the separation process and is investigating methods to improve industrial products made from wheat starch.

Wheat starch was included in an extensive study of the relative merits of several starches for various industrial purposes, carried out by the national research council several years ago. A great deal of data is available for application. Some experimentation has also been carried out on chemical derivatives of starches, with the particular object of their utilization as plastics. Fundamental studies of the drying, pasting and dextrinization of starch have also been made.

It will be seen from the foregoing that wheat is a costly raw material for industrial use and is only practicable when cheaper raw materials are unavailable or specialized products which command premium prices can be manufactured from it. The pilot plant investigations which are being undertaken by the national research council will provide information as to the commercial feasibility and costs of various fermentation processes and the production of starch, starch derivatives, and gluten from wheat. It is not possible at this stage to make any exact computation of the quantity of wheat or any other raw material which would be required, if used exclusively for the production of the entire Canadian requirements for the aforementioned products, as there are at present too many unknown factors. However, it is quite clear that the maximum quantity of wheat which might be used for such industrial purposes would make only a very small contribution to the solution of the wheat surplus problem.

Rubber

(A) The Extraction of Natural Rubber from Native and Introduced Plants.

The national research council has made a study of methods for extracting the rubber resin fraction of a number of the more promising species of native plants. A simple mechanical procedure has been developed for extracting rubber resin gum from the common milkweed. Laboratory experiments have shown that this gum when blended with synthetic buna S rubber greatly increases such properties as heat and tear resistance. The national research council is now erecting a small processing plant which will provide 5 tons of milkweed gum this fall to be used in a further experimental study of its value as a compounding agent. Attention is also being given to the extraction of rubber from the Russian dandelion (kok saghyz). However, present indications are that although the rubber is of good quality, the cost of production in this country will make its use impractical. Under a cooperative arrangement between the dominion Department of Agriculture and the national research council, the department is responsible for experimental production problems and the investigation of native rubber bearing plants, and the council is working on the development of a suitable extraction process and on problems relating to the testing and compounding of such rubber. With financial support from the national research council, fundamental problems relating to the production of natural rubber are being investigated at the university of Toronto, including the breeding and selection of plants on the basis of rubber content and the development of improved methods for determining the quantity of rubber present.

(B) Synthetic Rubber.

The division of applied biology of the council has successfully developed a fermentation process for the production of butylene glycol from wheat. This chemical can be converted to butadiene, which is an intermediate material required in the process of manufacturing the synthetic rubber known as buna S. Intensive

work on this problem has been carried on for a year past, and has reached the stage where pilot plant investigations are being initiated to make large-scale studies applicable to commercial practices, and to obtain information as to production costs.

In the division of chemistry butylene glycol produced by this new process has been successfully converted to butadiene and thence to buna S.

(C) Rubber Specifications and Testing.

Since the outbreak of war a very large number of rubber specifications have been prepared at the request of all of the three fighting services, numerous acceptance tests carried out, investigations made to conserve critical materials such as zinc oxide and (recently) rubber itself while producing a product of required quality. Articles worked on include: rubber components of depth charges, ground sheets, motor-cyclists' suits, aircraft shock absorber glands, machinery mountings, thermo-electric propeller de-icing in particular has been a major investigation.

National Research Council

Researches in Agriculture

The Research Council Act places on the council responsibility for undertaking "researches, the object of which is to improve conditions in agriculture".

From the outset, work carried on by the council in this field has been undertaken in close cooperation with the dominion Department of Agriculture in order to insure that there was no unnecessary overlapping or duplication of effort or of expenditure. Work undertaken by the division of applied biology in the laboratories of the council, has been restricted largely to problems arising after the crop or the animal, has been grown on the farm. In addition, the national research council has made a great deal of use of the facilities for research, existing in other institutions. It was recognized that in the universities there are gathered together groups of highly trained men, who can consult together conveniently and who have good libraries at their disposal. The skill and experience of these men can be more fully utilized and their capacity greatly increased by providing a little extra equipment and help. This the national research council undertook to do, and its policy of assisted researches has produced, very economically, a rich harvest of results of the highest practical importance to agriculture. This extra-mural work has been carried on almost entirely under associate committees, established by the council to direct each major project. The dominion Department of Agriculture, and the universities or other organizations directly concerned, are fully informed of these activities, and have a voice in the direction of the work through their representatives, who are appointed members of each such committee.

Under this plan a very large amount of extremely important work has been undertaken, existing facilities have been utilized, and duplication of effort has been avoided in so far as has been practicable.

Recognizing the urgent and special problems of prairie agriculture, many of which could be more advantageously investigated on the ground, i.e. in that region, rather than in the council's laboratories at Ottawa, the council made a survey in 1939 of opportunities for large expansion of its work in cooperation with the western universities. Unfortunately, the war supervened, and this proposed development was temporarily arrested, except for the establishment of an oil seeds laboratory at the university of Saskatchewan. The delay has, however, given opportunity for further study and planning of a substantial programme to be launched at the earliest possible time.

A more specific summary of the activities of the national research council in the field of agricultural research is given hereunder as follows:

(A) Projects in progress in the division of applied biology.

(B) Extra-mural agricultural research.

(A) Projects in Progress in Division of Applied Biology.

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1. Army rations
2. Bacon
3. Blood storage
4. Butylene glycol (see rubber)
5. Eggs—(a) Dried
(b) In the shell
6. Fats
7. Gas indicators
8. Irish moss
9. Meat—(a) Canned
(b) Cured (see bacon)
(c) Dehydrated
10. Oils (see fats)
11. Packaging
12. Refrigeration, emergency
13. Rubber—(a) Butylene glycol from wheat
(b) Natural
14. Vitamins

1. Army rations

Object—to assess the value of available foods for regular and emergency rations.

The standing committee on nutrition of the Department of National Defence requested that the components of the mess tin and emergency rations used by the Canadian army be examined to assess caloric value, keeping qualities, etc. This has been done for the army mess tin biscuits and incidental services have been rendered for various items included in the ration. At the request of the Department of Munitions and Supply, advice has been given on the value of a number of foods offered for sale, and specifications have been drafted for the majority of some 20 items included in the mess tin and emergency rations as well as for many items in the regular ration. An additional service is provided in that these goods are tested against the specifications.

2. Bacon

Object—to determine the best treatments for preserving bacon when transported under ordinary unrefrigerated conditions.

Investigations on modified curing practices resulted in the adoption of a standard cure by Canadian packers. This practice has proved so successful that Canadian bacon is now held in higher favour on the British market than ever before. Even under the uncertain conditions of wartime transport and storage the proportion of Canadian bacon degraded by the British ministry of food has been so exceptionally small that rigorous inspection is no longer considered necessary. The Englishman's prejudice against Canadian bacon, founded on the definitely bad

curing practices of the last war, has been overcome, and there should be no difficulty in holding the British market for Canadian bacon after this war.

3. Blood storage

Object—to ascertain the best storage conditions for human blood.

A container for carrying human blood was designed for use by the Canadian Red Cross and the results of investigations to determine the best conditions for storing blood have been published.

4. Butylene glycol (see rubber).

5. Eggs.

(a) Dried.

Object—to determine methods for assessing quality and the best conditions for the processing and storage of dried eggs.

Methods of assessing the quality of dried egg powder were developed. Specifications for the processing and storage of dried eggs have been prepared for the special products board and the Canadian army, and have been accepted by these bodies as well as by the industrialists and the British ministry of food. The result is that Canadian produced egg powder is recognized in Britain as having the highest average quality of any egg powder available.

(b) In shell.

Object—to extend the storage life of eggs under the uncertain storage and transport conditions occasioned by war.

Treatments for dipping shell eggs have been investigated and recommendations have been made for the handling of shell eggs under adverse conditions should the necessity arise.

6. Fats.

Object—to find alternatives for vegetable oil shortenings now in short supply.

Investigations are being conducted on the improvement of the stability and other properties of lard and studies are being made on the conversion of linseed oil to an edible shortening. The processing of oil from sunflower seeds and other oil seed crops including certain weed seeds is being undertaken.

7. Gas indicators.

Object—to assess the value of biological indicators for the detection of poisonous gases.—Results secret.

8. Irish Moss.

Object—to find a method for the processing of native Irish Moss (seaweed) as a substitute for jellying substances used in canning.

Processing procedures were developed to produce an odourless, tasteless, light-coloured preparation which would give a strong jelly. Difficulty has been encountered in the drying of extracts by any commercially applicable methods, but efforts are being made to overcome this difficulty. It is expected that several million pounds of Irish Moss will be harvested on the east coast annually.

[Mr. J. A. MacKinnon.]

9. Meat.

(a) Canned.

Object—to develop a canning process to improve the nutritive value and keeping quality of meat.

Army and civilian requirements demanded large cans (6 pounds) of a canned meat product that would keep under all temperature conditions likely to be encountered. Previously most canned meats had to be kept under refrigeration. It has been possible to work out processing procedures to give a product that will withstand high temperatures for long periods.

(b) Cured—see bacon.

(c) Dehydrated.

Object—to determine a suitable method of preparation for dehydrated pork and other meats and to ascertain the storage life of the resulting products at ordinary temperatures.

Investigations on the drying of pork have been carried to a point where an excellent product can be prepared, retaining about 75 per cent of its natural vitamin B_1 content after cooking and drying. This material can be pressed into blocks, and since it contains about 30 per cent fat it has the same caloric value as the army emergency ration chocolate bar. Since a tasting panel rated it more palatable than the chocolate bar, blocks are being prepared for test by the army.

10. Oils (see fats).

11. Packaging.

Object—to develop substitutes for metal containers with special reference to the packaging of dehydrated foods for export or use by the armed services.

Recommendations for the packaging of Canadian dried egg have been accepted and put into practice. Tests have been conducted on a large number of packaging materials and recommendations as to their relative suitability for army mess tin rations and other uses have been made.

12. Refrigeration, emergency.

Object—to develop suitable equipment for refrigerating ordinary cargo space for the transport of perishables, combining economy of operation and rapidity of installation with other requirements.

The emergency refrigeration proposed consists of prefabricated equipment suitable for converting an ordinary cargo hold of 50,000 cubic feet to a refrigerated space without delaying the vessel. Storage practice was modified to avoid ductwork, employ the minimum of insulation, and still secure a satisfactory temperature condition. Experiments were successful and several vessels ex Canadian and United States ports have been so equipped and also a coastwise vessel has been adapted for the transport of frozen meat for the quartermaster-general's department.

13. Rubber.

(a) Butylene glycol from wheat.

Object—to study fermentation methods for the production of butylene glycol, an intermediate in the manufacture of synthetic rubber and a substitute for other war chemicals.

Bacteria are used to act directly on ground wheat to produce butylene glycol. This glycol

can be converted to butadiene which is a precursor of synthetic rubber. Several other important uses of butylene glycol as a substitute for war materials in short supply as well as for new industrial uses are being investigated. A pilot plant capable of handling 25 bushels per day is under construction and is expected to be completed about the end of June.

(b) Natural.

Object—to investigate methods for the extraction of natural rubber from promising native and introduced plants.

When the rubber situation became serious, a cooperative investigation was undertaken with the Department of Agriculture to determine the rubber content of Canadian grown plants. The responsibilities of the research council were confined to extraction and subsequent quality tests. So far only two plants appear to have a useful rubber content—the natural milkweed and the introduced Russian dandelion.

Methods have been developed for extracting the gum from natural milkweed mechanically, and while this gum contains both rubber and resins, it shows promise as an agent for improving certain properties of synthetic rubber.

14. Vitamins.

Object—to find food carriers in which vitamins will remain stable over the wide range of conditions encountered by an army in the field.

A survey of rations as consumed in army camps showed vitamin C to be limited. Recommendations made to the standing committee on nutrition to correct this deficiency have been accepted.

Serious problems arose in connection with the army mess tin ration where all the foods are dried and concentrated. Suitable carriers for vitamin C have been developed and recommended. Work is proceeding on the other vitamins, including vitamins A, B_1 and B_2.

(B) Extra-mural Agricultural Research.

One outstanding example, of particular interest to western Canada, was the organization, beginning in 1924, of a cooperative scheme by which new wheat varieties produced or introduced by plant breeders were tested at a large number of places throughout the prairie provinces, for disease resistance as well as yield, earliness, and other field characters, and finally for milling and baking qualities. The dominion Department of Agriculture, the universities of Alberta, Manitoba, and Saskatchewan, and the board of grain commissioners cooperated in this work. The council's part in the scheme was to subsidize the plant breeders, plant pathologists, and cereal chemists in the three universities mentioned, and to organize the associate committees on grain research and field crop diseases which coordinated the work.

The scope of the enterprise was extended in stages, as when the council installed durum wheat testing equipment in the university of Manitoba (later moved to the grain board laboratory); then equipment for testing malting barley, also in the university of Manitoba; and finally established (in 1940) an oil-seeds laboratory in the university of Saskatchewan. The annual appropriation of the council to the two committees concerned is now about $46,500.

In 1929 the council organized a committee on weeds expending $35,000 over a period of three years in assisting weed research in the prairie provinces. With the onset of the depression, work was concentrated at the university of Saskatchewan, where the distinguished work of Professor Pavlychenko is now supported by the council to the extent of $5,000 per year.

The significance of all this work lies in the progressive protection from weed and disease losses afforded western farmers as knowledge advances, and the maintenance of high standards of industrial quality in the products. No new varieties of grain or flax are admitted to the standard grades by the board of grain commissioners without the approval of the associate committee on grain research.

Rust-resistant wheat varieties, an outcome of the foregoing programme of work in which the council shared, have been a prime factor in ensuring the bumper wheat crops of recent years.

Answering the imperative demands of war, the associate committees on grain research and field crop diseases have largely swung over for the time being to war projects. For example, the entire group working under these committees at the university of Alberta have devoted themselves for over a year to problems connected with the manufacture of rubber from wheat. This is not out of line with the peacetime programme of the grain research committee, which has always emphasized the industrial qualities of grain crops, and has aimed to broaden and diversify the scope of their utilization.

The associate committee on wool, established in 1927 has devoted itself to problems of wool-growing and manufacture throughout the whole country. Special attention was paid, however, to securing hardier stock and finer wool in western range sheep. Breeding work at the university of Saskatchewan was subsidized by the council. By 1933 it was demonstrated that carefully graded wool from selected western flocks could be spun and woven into cloth fully equal to the best imported English worsted. This work laid a sound basis for the present war-time expansion in wool production. In recent years the council's committee has been merged with the national sheep committee set up by the dominion Department of Agriculture. The wool quality tests are still made in the council's laboratories.

In 1932 the council established the institute of animal parasitology at Macdonald college, Quebec, carrying almost the entire maintenance cost for a period of six years, when McGill university and the dominion Department of Agriculture each took over the support of one member of the staff. The annual appropriation of the council to the institute is now $15,205. A single example will illustrate the significance of the institute's work. The phenothiazine treatment for sheep worms, developed in the institute during the period of 1935-38, and subsequently pressed to field use by the Department of Agriculture, has been vital to the wartime expansion in sheep production. About 300,000 sheep have already been treated with phenothiazine in this country, with spectacular success.

Summary of Major Projects in Progress, Division of Chemistry

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1. Aircraft operation (see also rubber (a))
2. Chemical warfare (see also textiles (e))
3. Colloid chemistry

4. Corrosion
5. Customs-excise laboratory
6. Explosives testing
7. Leather
   (a) natural
   (b) substitutes
8. Magnesium
9. Organic chemistry
   (a) alkaloid research
   (b) micro-analysis
   (c) new organic chemicals
10. Paints
11. Plastics
12. Rubber
   (a) natural
   (b) synthetic and substitutes (see also organic chemistry)
13. Textiles
14. Miscellaneous service problems

Supplementary Index

De-icing paste—see aircraft operation
Frost deposition—see aircraft operation
Casein—see colloid chemistry
Starch—see colloid chemistry
Adhesives—see colloid chemistry
Bentonite—see colloid chemistry (activated clays)
Rust preventive oils—see corrosion
Anti-freeze—see paints
Milkweed—see rubber (b) also textiles (c) kapok
Kapok—see textiles (c)
Binder twine—see textiles (c)
Parachutes (see textiles (c))

1. Aircraft operation

Object—To explore means for diminishing frost deposition and adherence on grounded aircraft.

The only hope seems to be to find a method of treatment which causes frost to form in a loose condition permitting easy removal. A very large number of compounds have been investigated and some found promising. Work is continuing.

Out of the above has come investigational work on de-icing pastes, the construction of an experimental "ice rate indicator" and an anti-dim paste.

(See also under "rubber")

2. Chemical warfare

Object—To keep abreast of developments in this field in the event of chemical warfare being initiated by the enemy.

This work is carried out in close cooperation with and supplementary to that done by the chemical warfare directorate, Department of National Defence. While the work is necessarily secret, two senior men have been working full time and several other senior men part time on the various projects submitted to the division.

3. Colloid Chemistry.

Object—To apply this branch of chemistry to the needs of Canadian industry.

Fundamental work has been carried out on the properties of starch with a view to extended industrial utilization. Aid has also been rendered industry on problems of casein manufacture and utilization, special adhesives, activated clays, etc.

[Mr. J. A. MacKinnon.]

4. Corrosion.

Object—To aid government departments in solution of problems concerning corrosion—one of the greatest troubles in modern industry.

A long range programme concerning corrosion of aluminium and low alloy steels in sea water has been carried on for some years. This is of particular interest to the admiralty.

An increasing number of tests and minor problems are coming in from the armed services. These include work on rust preventive oils, electrolytic polishing of duralumin, corrosion of water filters, lamp socket bases, cap badges, etc., strength of aircraft members, and so on.

5. Customs and excise laboratory.

Object—To conduct tests as required by statute on imports and domestic products subject to excise taxes.

Formerly operated under the Department of National Revenue, this work has recently been placed under the direction of the division of chemistry, of the national research council.

6. Explosives testing laboratories.

Object—In addition to conducting tests on explosives as required under the Explosives Act (this is done by the staff of the Department of Mines and Resources), laboratories have been established to test war-time explosives, new explosives produced under the extra-mural research programme, and to aid the services in problems relating to application of explosives.

7. Leather.

(a) Natural.

Object—To aid purchase of leather and leather goods by the services through preparation of specifications, acceptance tests and development work. In addition to routine acceptance work, tests were made on efficiency of waterproofing treatment of boots, possible stuffing greases for leathers to substitute for wool grease, modified formula for dubbing, waterproofing shoe thread, and several specifications for leather articles.

(b) Substitutes.

Object—To relieve scarcity of leather.

Plastic soles of cotton fabric and suitable plastics have been made up and, after successful laboratory tests, are now being given field tests. Apart from saving sole leather which is in short supply, these soles have the advantage over leather of not being required to be stamped in rights and lefts since both surfaces are identical.

8. Magnesium.

Object—To aid Canadian production and utilization of magnesium.

A small pilot plant and foundry are operated on problems arising out of the operations of the large commercial plants and for further study towards possible improvement of the recovery process and the handling of the metal itself. This work will be of value after the war as well as at present.

9. Organic chemistry.

(a) Alkaloid research.

Object—To isolate and identify alkaloids present in various plants.

This is a long term project initiated over ten years ago. While not directly pertinent to war use, the possible use of new alkaloids in medicine should not be overlooked.

(b) Micro-analysis.

Object—To identify organic compounds available in too minute quantities for normal analytical methods.

Prior to the war, all this work was done in Germany. Our laboratory now handles all of our own work plus that sent in by chemical warfare, explosive research laboratories and Canadian universities.

(c) New organic chemicals.

Object—To facilitate Canadian production of chemicals not previously made in Canada and to search for improved ways of manufacturing organic chemicals.

The production of ethylene oxide from ethylene has been carried out on pilot plant scale.

An investigation on the production of monoethanolamine has been started.

Conversion of 2, 3-butylene glycol (as produced by division of biology) to butadiene is being investigated in a preliminary way.

Other possible products from butylene glycol are being investigated; one in particular shows considerable promise.

10. Paints.

Object—To aid Canadian manufacturers and users of paints.

A great number of samples of paints, dopes, lacquers, compositions and shell-filling materials, etc., are given acceptance tests for the inspection board and services. Specifications for paints and application methods are prepared on request. Development work is carired out on such subjects as non-toxic paint removers, heat reflecting paints to lower-external temperatures in armoured vehicles, shellac substitute, paint removal from naval vessels, special finishes on metal surfaces, fluorescent paint, camouflage paints, fire-retardant paints, anti-freezes, et cetera.

11. Plastics

Object—To utilize plastics in place of other scarce materials—to utilize newer developments in plastics.

A novel method for curing resins used in manufacture of plywood articles has been developed and shows much promise of speeding up production. Work is being done on plastic scabbards, goggles for general service use, identification tags, crash helmets, moulded plywood units for Carley floats, sponge plastics, utilization of plastics in place of rubber, metals, etc.

12. Rubber

(a) Natural

Object—To provide independent development services for rubber products and their compounding ingredients.

Since the war a very large number of specifications have been prepared at request of all fighting services, numerous acceptance tests carried out, investigations made to conserve critical materials such as zinc oxide and (recently) rubber itself while producing a product of required quality. Articles worked on include: rubber components of depth charges, ground sheets, motor-cyclists' suits, aircraft shock absorber glands, machinery mountings, thermo-electric propeller de-icing in particular has been a major investigation.

(b) Synthetic and substitutes

Object—To conserve natural rubber.

Substitutes for cellular rubber have been investigated. Rubber-like materials from Canadian plants have been investigated: in particular "milkweed rubber" produced by our division of applied biology and rubber from the Russian dandelion, although quantities available to date have been limited.

Fundamental and practical work on synthetic rubber has been carried on as far as staff and facilities permit. Close touch has been maintained with U.S. work by attendance at technical conferences.

13. Textiles—including laundering and dry cleaning

Object—To serve the government and buying public by textile research, issuing of specifications, testing and standardization.

(a) Specifications and acceptance tests on materials for the armed services. Numerous specifications and several thousand tests are conducted yearly on request of inspection board or specific services. This helps to assure the forces of uniform and adequate quality of supplies. Numerous tests are required before making up a specification.

(b) Textile treatments—Investigations have been carried on mildew and rotproofing (sandbags, tarpaulins, etc.) waterproofing and flameproofing.

(c) Substitute materials—Alternatives to silk for parachutes was the first project taken up and when its immediate aims were achieved, attention was turned to cover cargo, flare and other special chutes as well as parachute design.

Substitute for rope fibres, kapok, binder twine (in cooperation with Department of Agriculture) are also under investigation.

(d) Wool standards—A cooperative project with the Department of Agriculture, aimed to improve and increase Canadian wool production. The national research council is concerned with the fibre quality measurements.

(e) Chemical defence—Five projects are under investigation for the chemical warfare directorate.

14. Miscellaneous Service Problems

Object—To assist in solution of minor problems met by fighting services.

There are a number of investigations of short-term duration but nevertheless important to the services concerned. Some of these include: (a) an improved solution for treatment of trench mouth was developed; (b) a detergent was suggested for removal of oil from survivors of torpedoed vessels; (c) The purification of sea water for drinking purposes; (d) A transparent dope to protect field service maps from moisture and soiling; (e) Manufacture of testing cards for inspection board, etc.

National Research Council

Summary of Major Projects, Division of Mechanical Engineering

(A) Aerodynamic

1. Construction and wind tunnel tests of models of aircraft used in the British commonwealth air training plan

The purpose of this project is to be able to make, when necessary, modifications of the models and from wind tunnel tests predict quickly changes in performance and stability of the aeroplane caused by these modifications. A number of modifications that have been recommended for various reasons by the R.C.A.F. have been made and from wind tunnel tests the effect of these modifications on the flying qualities of the aeroplanes have been predicted. These wind tunnel investigations assist in saving time and in safeguarding the pilots on the initial flights.

2. Wind tunnel tests and full scale ground handling tests of aircraft skis

The purpose of this investigation is to obtain data sufficient to design aircraft skis for military aircraft in order that the aeroplanes equipped with skis will have the best possible performance both on the snow and in the air. The wind tunnel research has as its prime object designing skis which will reduce the aircraft speed by the least amount. The full scale aeroplane handling tests on snow are to determine which skis will function satisfactorily on various snow surfaces. The information from these tests has been used for designing aircraft skis.

3. Wind tunnel and full scale aircraft tests on the balancing of aircraft controls

The purpose of this research is to obtain information on the behaviour of aircraft ailerons in an attempt to make fighter aircraft more manoeuvrable. Already extensive wind tunnel tests have been made and the results will be compared with measurements made on an aircraft in flight. This information will be of value to aircraft designers.

4. The calibration of the new horizontal wind tunnel

Before a wind tunnel can be used for accurate research or test work the wind tunnel must be calibrated. This calibration, which is proceeding at present, consists of measuring the characteristics of the air flow through the tunnel. When this calibration is completed, work that cannot be done in the present horizontal wind tunnel may be undertaken.

5. The calibration of the new vertical wind tunnel

The calibration of this tunnel is in progress at the present time. This tunnel will be used for tests and research on the spinning of aeroplanes which at present cannot be undertaken in Canada.

Other projects in progress in the aerodynamic section are of a secret nature and cannot be disclosed at the present time.

(B) Hydrodynamic.

Model basin tests have proven of inestimable value to the naval architect and shipbuilder in enabling them to predict the performance of water craft and to effect improvements in designs resulting in greater speed, economy and safety. In the case of aircraft hulls or floats the performance of new designs or the effects of changes in existing designs may be determined cheaply and safely.

In testing water craft accurate scale models are towed through the water in the model testing basin at known speeds by a car running upon rails along the sides of the basin and the forces acting upon the model are measured. The results of these model tests are extended to full scale by mathematical computations.

The information derived from model tests includes:

(1) Resistance at different speeds, attitudes and drafts.

(2) Attitude and behaviour under different conditions.

(3) Cleanness of running and wave formation.

(4) Influence of controls on behaviour of running.

Experience with the existing model testing basin at the John St. laboratories which was designed primarily for testing models of aircraft hulls and floats has indicated that the majority of models submitted for test are ship models. The new basin which is nearing completion at the Montreal road laboratories is 450 feet long by 25 feet wide by 10 feet deep and has been designed for ship model work although a great deal of work may be undertaken in connection with high speed craft such as hydroplanes, aircraft hulls and aircraft floats.

Tests and investigations are undertaken as required for the services, government departments and manufacturers.

(C) Aircraft de-icing.

The work of this section is concerned with the development and testing in flight under actual conditions of aircraft de-icing equipment to increase the range of weather conditions under which our aircraft may operate and to enhance the safety of flight through icing conditions which are at present serious hazards to winter flights over Northern Europe and the North Atlantic, as well as over Canada and Alaska.

The following projects are undergoing development and testing at the laboratory:

1. Propeller de-icing (details secret).

2. Windshield de-icing and de-frosting to ensure vision under all weather conditions.

3. Wing de-icing employing heat from the engine exhaust.

(D) Aircraft engines.

1. Cracked aviation gasoline.

In the past, it has been considered that only straight run aviation gasoline could be used in aircraft and that thermally cracked gasoline, similar in many respects to that used in automobiles, was unsuitable for aircraft engines. This reluctance to use thermally cracked gasoline has been based upon octane number and gum formation.

Tests have been made in a 900 horse-power aircraft engine, using cracked aviation type gasoline which was made by Canadian refiners and it was found that the fuel was entirely satisfactory for training aircraft. This investigation was followed by tests in flight for a period of three months.

It has now been decided that for training aircraft, fuels of this type are entirely satisfactory and a specification has been prepared for this fuel.

Further work is to be done on this investigation so that information will be available to the refiners regarding the limits within which the cracking may be done.

It is understood that with the exception of a little work which has been done on this subject, Canada is leading in this investigation which should materially assist in increasing the aviation gasoline supply.

2. Cold starting of engines.

Cold starting of engines has been receiving a good deal of attention in recent years and a considerable amount of this work has been done in Canada.

The laboratory is experimenting with equipment to assist in the starting of engines at low temperatures.

3. Single cylinder engine for lubrication investigation.

A single cylinder engine is being built in the laboratory to study the lubrication of aircraft engines and allied problems. The use of a relatively small engine will simplify the study and be more economical. As the engine is being constructed of aircraft engine parts, the effect of lubricants should be similar to that on full scale engines.

4. Full scale engine detonation investigation.

Work is being done on a programme to correlate tests on full scale and single cylinder engines. Engines of representative British manufacture are being used for this work and representative high octane gasolines are being examined. A very comprehensive programme is proposed.

5. Ice prevention in aircraft engines.

A thorough investigation is being made of the whole problem of carburettor icing. Several materials are being added to the fuel or injected into the engine and the effect on engines being carefully noted. A great part of this work has been completed.

6. Endurance tests.

A number of endurance tests have been done for the Royal Canadian Air Force on various engine types.

These tests are, in general, designed to prove the serviceability of the engine, propeller or accessory under consideration. In addition, tests have been done to indicate whether or not engine parts from sources other than the original manufacturer, are suitable for use.

Indicative of the usefulness of the tests is the fact that not all parts pass the acceptance tests.

7. Engine cooling investigation

A study has been and is being made of the cooling of armoured vehicles for the Department of National Defence.

8. Other projects are under investigation, but because of their confidential nature, they may not be disclosed.

(E) Gasoline and oil

Two general classes of work are done in the laboratory:

I. Analyses and tests of lubricants, aviation fuel, motor fuel, greases, extreme pressure lubricants, aircraft hydraulic fluids, and other petroleum products for the Department of National Defence. The purpose of the tests is to ensure that such products used by the armed services comply with the technical requirements for these products, and that they will give the performance required of them in the equipment in which they are used. The major portion of this work is done for the R.C.A.F.

II. Development and research. This phase of the work is concerned mainly with the development of petroleum products which will give improved operation in service over ever-widening and more severe conditions of use. Two of the more important are the development of aircraft hydraulic fluids and lubricants with improved performance at very low temperatures.

The laboratory undertakes many specific problems of this nature for the defence departments.

(F) Aircraft instruments

Apart from routine tests the main activities of the instrument laboratory are:

(1) Type approval tests of types of aircraft instruments being manufactured in Canada for the first time.

(a) The equipment of the laboratory enables these tests to be carried out under conditions of vibration, low temperature and of other extremes likely to be encountered in actual service.

(b) The experience of the laboratory enables it to offer useful advice as to details of design of various instruments and thus aid the development of these instruments in Canada.

(2) Test of luminous compounds, plastic tubing and parts in relation to their use on aircraft instruments.

(3) Advice and assistance rendered to officers of the R.C.A.F. and N.R.C. in connection with the design and construction of special instruments and equipment.

(G) Aircraft structures

In this section structural tests are conducted for the three services, Department of Munitions and Supply and the Canadian aircraft industry.

As the structures laboratory is an official research station for the R.C.A.F., it is the only building in Canada equipped with the facilities for the testing of aircraft structures. For example, there are now being tested three sets of wings and tail surfaces for a Canadian training aircraft. In order to prove the strength and airworthiness for all conditions of flight, carefully calculated loads will be applied to these components. Such tests are essential when new aircraft are developed; existing types are to be employed in operations for which they were not originally designed, or when the structures are modified to utilize materials of reduced priority.

In addition to tests, investigations of a more fundamental character are conducted. Work of this kind at present includes the design and construction in moulded plywood of an aircraft widely employed in the air training programme. The object of the undertaking was to produce an aircraft which would reduce the drain on duralumin and steel, to draw upon the considerable woodworking labour potential in Canada and to demonstrate inherent superiority of this type of structure from the standpoint of aerodynamic performance and ease of production.

As a useful by-product of this enterprise, the structures section functions as a pilot plant. When one of the services requests the design of a novel article or construction of a component in a substitute material, then interested firms are at liberty to follow the development in the laboratory so that the subsequent commercial production may be initiated with a minimum of delay. The staff are at present engaged in a number of developments of this kind.

Incidental to the test and development work is the accumulation of much basic data on the strength of materials, current practices, improved constructural techniques and so forth. Thus one of the general functions of this section is as an advisory body to the services and to industry.

(H) General mechanical engineering and armament.

1. Cams for automatic gun sights for coast defence guns.

A few months prior to the war, the supply from the United Kingdom to Canada of cams for gun sights had to be discontinued. Since the United Kingdom had been the only source of supply, the department of national defence requested the national research council to develop a method for manufacturing the cams. The profile of each cam depends on the location of the gun so that each cam had to be shaped individually. The cams produced in the national research council shops cost less than those supplied from the United Kingdom. The national research council has supplied a large number of these cams and is continuing to do so as required by the department of national defence.

2. High velocity gun and projectile.

A high velocity gun and projectile is being developed in the laboratory. High velocity is very desirable for anti-tank and anti-aircraft guns. Further details can not be disclosed.

3. Fuze.

Certain components of a new type of fuze are being developed at the national research council. A large number of these components are being made in the national research council shops for firing trials. Further details can not be disclosed.

4. Fire control system (navy).

The royal Canadian navy has requested the national research council to develop instruments for directing gun fire from the bridge of a certain class of ship. The design has just been completed and the construction of the pilot model will soon be started in the national research council shops.

5. Fire control system (coast defence).

An instrument for converting range into gun elevation is being developed at the national research council. Range is received by electrical transmission from a range finder. Any necessary correction to range can be applied by adjusting a dial on the instrument. The resulting gun elevation is transmited electrically to the gun.

Another instrument which is a form of range finder with a built-in-range-to-elevation converter is also being developed by the national research council for coast defence.

[Mr. J. A. MacKinnon.]

National Research Council

Summary of major projects in progress in the division of physics and electrical engineering

X-rays, radiology, strength of materials.

This project includes experimental investigations on radiographic technique. Considerable assistance has been given Canadian foundries in the matter of X-ray examination of aircraft castings and component parts of other war equipment. Hundreds of strength of materials tests are conducted for the inspection board and defence departments. Such tests are a prerequisite to acceptance of materials to go into war equipment.

Optics.

The optics section is engaged on a programme of research in aerial photography for the air force. In addition an optics shop is very active turning out many optical components for military instruments on order from the Department of Munitions and Supply. By the medium of a joint R.C.A.F.-N.R.C. research committee a very close liaison is kept with actual war requirements and all the work of this group has a direct and immediate war application.

War metrology work.

This project includes the design and development of apparatus used in coastal defence. Many hundred routine tests on sextants, binoculars, etc., are done in this section annually. All are direct requests of war organizations.

Coastal defence instruments.

When the main N.R.C. shops moved out to the Montreal road it was found necessary to set up a small auxiliary workshop. The men employed here are engaged on construction of instruments for coastal defence, and other secret army, navy and air force gear.

Electrical engineering.

All problems in electrical engineering are referred to this group which is most active on the design of secret naval gear, investigations concerning electrical characteristics of substitutes for rubber, shock tests on naval apparatus and many other tests and investigations.

Ballistics.

Work consists of the design, development and construction of ballistics apparatus necessary for proof of ammunition and weapons. This also covers work to proceed in the new rifle range building where actual tests are being conducted.

Gunsights.

As the name implies, this project covers the study of improved gunsights. The immediate practical application of such results is obvious.

A.R.P.

This project covers assistance given in a consulting capacity to the A.R.P. organization in Canada with respect to its technical problems.

Secret projects.

A number of secret projects have been undertaken by this division, at the request of the armed services, i.e. research on a thermal problem being pursued in collaboration with England and the United States; the construction of secret apparatus required by the R.C.N. for harbour protection, etc.

Item agreed to.

Mr. HANSON (York-Sunbury): The understanding is that all these matters may be reverted to when the minister's civil estimates come up, because we really require more information.

Mr. MacKINNON (Edmonton West): So far as civil matters are concerned, but I do not think the hon. member would wish to discuss again purely war items.

Mr. HANSON (York-Sunbury): I should like to have a break-down of some of these items. However, I know what will be done. About Friday or Saturday of next week, when everybody wants to get home, items will be railroaded through at the rate of a million a minute.

Mr. ROSS (Souris): I hope we are through before that.

Mr. HANSON (York-Sunbury): Perhaps I am not optimistic enough. But I say that that practice is not good enough when we are dealing with expenditures taken from a tax-ridden people.

POST OFFICE DEPARTMENT

Canadian postal corps, $183,020.

Mr. FAIR: I wish to ask a question in regard to the men in uniform who comprise the Canadian postal corps. I have not all the details, but perhaps the minister would set the matter straight. I understand that a number of the corps are married men living in Ottawa and that they are compelled to live in tents at Lansdowne park. That does not seem like common sense to me because it requires a lot of extra help at Lansdowne park which might be put to some other useful purpose.

Hon. W. P. MULOCK (Postmaster-General): This item amounting to $183,020 is made up as follows: temporary assistance, $8,280; cost-of-living bonus, $1,440; travelling expenses, $2,000; printing and stationery, $50,000; equipment and maintenance, $20,000; telegrams and telephones, $600; sundries, $100; mailbags for overseas mail, $100,000; contributions to unemployment insurance fund, $600. There is a decrease from last year of $11,720 in the salaries of these temporary employees. That is due to the fact that the field post offices have now all been placed on an active service basis, and it is therefore no longer necessary to provide an amount for temporary assistance.

The men in uniform in the postal corps to whom the hon. member for Battle River referred are part of the armed services of Canada and have to carry out the orders given to them by the Department of National Defence just as men in any other branch of the armed services have to do.

Mr. HANSON (York-Sunbury): Are we to understand that they were civilians and have been transferred to national defence?

Mr. MULOCK: When the corps was set up it was necessary to open post offices in a hurry to give mail service to the troops in the camps, and we had to assign civilians from the different post offices throughout the country to get the service started. But now recruits have been trained in postal work and have joined the postal corps. They are active service men and have replaced the civilians.

Mr. HANSON (York-Sunbury): They are charged to the Post Office Department and paid out of the war appropriation?

Mr. MULOCK: Yes; the civilians.

Mr. DONNELLY: Do some of these employees look after the mail in the internment camps?

Mr. MULOCK: This is the army postal service. When we started to set up the service men had to be trained in the work. In the meantime we had to provide a postal service for the different camps, and so we took civilian personnel from the different post offices across the country and put them in to get the service started. They proceeded to train men who had enlisted.

Mr. HANSON (York-Sunbury): Men of a lower physical category than A1?

Mr. MULOCK: Yes.

Mr. FAIR: Am I right in assuming that the Postmaster General has no control whatever over the men in uniform in the postal corps?

Mr. MULOCK: Only so far as directing and looking after the distribution of mail is concerned. In every other respect, discipline, rationing and so forth, they are under the national defence department.

Mr. HANSON (York-Sunbury): The Post Office Department superintends their activities qua the post office.

Mr. MARSHALL: Who is the officer in charge?

Mr. MULOCK: Colonel E. J. Underwood. He is at present in England.

Mr. MARSHALL: Who is in charge of the postal corps in the dominion? Somebody must be in charge in his absence.

Mr. MULOCK: Colonel Underwood was sent over to carry out certain duties. Preparations were made well in advance. He is in charge of the personnel of the corps whether they are stationed in England, Canada, North Africa or anywhere else. The man who is permanently in charge of the postal corps in England is Lieutenant-Colonel Ross.

Mr. MARSHALL: And in Canada?

Mr. MULOCK: Colonel Underwood.

Mr. ROSS (Souris): Who is in charge when he is away in England?

Mr. MARSHALL: That is what I was trying to get. Who carries out his duties in his absence?

Mr. MULOCK: Captain Warwick.

Mr. BLACK (Cumberland): Is the minister prepared to make any statement as to the better handling of mail for overseas?

Mr. MULOCK: Yes.

Mr. BLACK (Cumberland): I understood that the minister was sending someone overseas to investigate and make a report. There were a great many complaints a few months ago with regard to delays in the delivery of mail from Canada to the British isles, and from the soldiers back home to Canada, letters often taking ten weeks or more to get from Canada to England and vice versa.

Mr. MULOCK: I think the hon. member will realize the nature of our transportation difficulty. Our space is allotted to us. We cannot say we are going to occupy so many cubic feet on board a ship or that we are going to put on board so many thousand bags of mail. Space is made available to us and we have to take the space which is allotted and when it is allotted. I think the hon. member will realize what a strain is put upon shipping owing to the African campaign and, now, the operations in Sicily, and that this is bound to slow up the mails at times. But it is purely a question of shipping. We can get the mail to the ports, but we have to wait until there is some ship to put it on. Often we can ship only part of the mail which is available or has been posted on the same day; the rest has to wait until there is space available.

Mr. BLACK (Cumberland): Is this not a correct statement, that for a considerable time —I hope they are not doing it now—the Post Office Department accepted mail to go by air when there were no facilities to convey it by air, and that their so doing really amounted to a deception as far as the senders of that mail were concerned; they had paid for and consigned it as airmail and the department accepted it as such, though during a considerable period it had not the facilities to convey it by air. That was a justifiable grievance on the part of the senders in this country and of those in the forces overseas.

Mr. MULOCK: I agree in part, but not fully, with what the hon. member has said. He is talking about the thirty cents?

Mr. BLACK (Cumberland): The thirty cents, and the ten-cent airmail as well.

Mr. MULOCK: There was not much of that. He is wrong in saying that there were no facilities; there were, but not sufficient to take care of the demand. When it was found that the volume could not be handled, notices were sent out and postmasters told to discourage the use of the thirty-cent airmail. We could not tell people that they could not send it that way, because some could go.

Mr. BLACK (Cumberland): The public were not advised, though?

Mr. MULOCK: Oh, yes.

Mr. BLACK (Cumberland): The people who were sending the mail?

Mr. MULOCK: Not as individuals, but they were advised through the press.

Mr. MacNICOL: Is much of this mail lost crossing the seas, through the torpedoing of ships?

Mr. MULOCK: In the calendar year 1942 we dispatched 14,536 bags of letters, made up of 20,116,360 items, having a weight of 502,909 pounds. The loss owing to enemy action was sixty-five bags of mail.

Mr. HANSON (York-Sunbury): Very small.

Mr. MULOCK: Those are letters—made up of 2,577 items, sixty-four pounds in weight. Of registered mail sent overseas, 43,687 items were dispatched, and only fifty-six lost.

Mr. MacNICOL: Fifty-six items?

Mr. MULOCK: Fifty-six items. Of news, 40,120 bags were dispatched, and 496 lost through enemy action.

Mr. HANSON (York-Sunbury): A little over one per cent.

Mr. MULOCK: Parcel post, 295,911 bags dispatched, and 3,187 were lost owing to enemy action. Tobacco parcels, 125,017 bags dispatched, and 3,109 lost.

Mr. MacNICOL: It is a remarkable tribute to our naval and air services that such a small amount of mail matter was lost through enemy action.

Mr. HANSON (York-Sunbury): The department announced some time ago, if I recollect correctly, that a real Canadian airmail service was about to be established. What progress has been made with that?

Mr. MULOCK: The service has commenced. The ship has made one westbound trip, but as yet it has not yet completed the round trip.

Mr. HANSON (York-Sunbury): Just beginning.

Mr. MULOCK: Just beginning.

Mr. ROSS (Souris): Following the question by the hon. member for Cumberland, I had a return brought down on February 16 along the same line, and it shows that last October thirty per cent of airmail letters went by boat, and thirty-four per cent of the Christmas airmailings in December went by boat. I wonder if the minister would be able to state the amount of additional revenue paid by the public on the difference between airmail transported by boat and the ordinary postage rate. I should think it would amount to quite a considerable sum of money.

Mr. MULOCK: I know the hon. member will appreciate that at that time of year flying conditions are sometimes very difficult—

Mr. ROSS (Souris): I realize that.

Mr. MULOCK: —and the planes just cannot go, and airmailings have to wait till the planes can fly. As I stated at the time, a very large accumulation was built up, but it was cleared as quickly as possible. The amount was abnormal and we ran into bad flying weather. The system is greatly improved. But during that time, if I remember correctly, every airgraph message was sent by air; none was sent by surface. I do not think any airgraph message has ever been sent by surface, and perhaps we are the only country in the world which can say that.

Mr. ROSS (Souris): Perhaps it was as a result of this that you had the public switch to airgraph. You sent out advices to the public to switch completely to airgraph as a result of this.

Mr. MULOCK: We can send so many more messages by airgraph than by any other form of transit. Even the armed forces air letter takes up more space than the airgraph. I might say that we are bringing out a new form, which is airgraph, but which resembles the armed forces air letter. It is on paper so that, if necessary, it can be turned into an airgraph to avoid delays. If it can be handled as air letter in its ordinary form, it will go that way. I think the hon. member for Souris will understand the importance of that.

Mr. ROSS (Souris): Yes.

Mr. MULOCK: We might be able to get sufficient transport from here to Great Britain, but from Britain to some other theatre of war we might be able to move it only in small amounts as far as space and weight are concerned, and that we might have to turn letters into airgraphs to get them the rest of the way.

Mr. ROSS (Souris): From that point on.

Mr. BLACK (Cumberland): I think we realize that the minister's department have done the very best they can, and probably under the circumstances they have given splendid service. On the other hand there was a great deal of dissatisfaction and justification for this dissatisfaction. I should like some further information from the minister.

As I understand it, there are three classes of airmail communications; one is the regular thirty-cent airmail letter; another is the ten-cent airmail letter, and the other is the airgraph letter. Would the minister inform the committee for how long a period at any time such letters were held by the Post Office Department for aeroplane service, and in what instances and to what extent such letters were transferred from aeroplanes to be conveyed by ships. There must be some more explanation than the minister has given as to why airgraph and airmail letters, the ten-cent letters, are delayed for at least ten weeks. I should like to know whether in every case such letters went by aeroplane, or were assembled and then went by ordinary mail by steamer.

Mr. MULOCK: I am glad the hon. member has brought that up. As I mentioned once before in the house, while we try to do everything we can to expedite mail coming from Great Britain to Canada, we are not responsible; the British government are. We cannot handle that mail until it arrives at a Canadian port.

Mr. HANSON (York-Sunbury): The hon. member is not talking about that movement.

Mr. BLACK (Cumberland): I am referring to mail from Canadians to overseas forces.

Mr. MULOCK: I will give that information. At present, as far as armed forces' air letters are concerned, there is virtually a daily service by air. That is in effect now, subject of course to weather conditions.

Mr. BLACK (Cumberland): I am asking what is the longest period air mail letters were held by the postal department before they were provided with conveyance overseas to our forces and whether such letters were finally conveyed by steamer or by aeroplane.

Mr. MULOCK: Is the hon. member referring to the ordinary air letter, the thirty-cent letter, or armed forces letters?

Mr. BLACK (Cumberland): The ten-cent armed forces letters. There was notification with respect to the thirty-cent letter, but there was none with respect to the ten-cent letter.

Mr. MULOCK: That is correct. I have not that return. The hon. member for Souris asked for that information and a return was brought down. He referred to that a few moments ago. We gave the amount at that time when he inquired as to what delay there had been in connection with airgraph and armed forces letters, the percentage and so on. It was given then by months and amounts. That information is available on the records.

Mr. BLACK (Cumberland): Will the minister answer this direct question? In any instance was such mail, after having been held up by the Post Office Department, conveyed by steamer rather than by aeroplane?

Mr. MULOCK: Yes; there was a small amount. It is shown in that return. It could not be handled. It would have held up other air letters for a long time on account of the accumulation that had been built up owing to bad flying weather. The planes were not moving in sufficient numbers to handle it, and for days the letters were delayed.

Mr. BLACK (Cumberland): How long were such letters delayed and finally conveyed by aeroplane?

Mr. MULOCK: My officials advise me that the longest period was ten days.

Mr. BLACK (Cumberland): I repeat what I have already said. Many people in the armed services did not get their mail for at least ten weeks, and there have also been periods when residents in Canada did not get mail that was sent by those in the armed services in Great Britain for ten weeks or perhaps longer.

Mr. MULOCK: As regards the latter part of the hon. member's statement, I have also dealt with that. The Postmaster General of Great Britain advised me of their difficulty and of the accumulation they had on hand. I discussed the whole matter with him last September when I was in England. Their difficulty was this. A substantial number of planes were going to Britain, but there were not nearly as many coming back this way. Space had to be reserved on the planes to bring back aircrew to ferry more planes back across the Atlantic, and space was not available to the extent that the Postmaster General of Great Britain required.

Mr. HANSON (York-Sunbury): But that is east to west.

Mr. MULOCK: The hon. member mentioned east to west also.

Mr. BLACK (Cumberland): The minister's statement is that there was better service from Canada to Great Britain than from Great Britain to Canada. I should like to get some further information. What service does the department now undertake to give in connection with different classes of air mail: thirty cents, ten cents and airgraph mail? In what time does the department undertake to deliver such communications in Great Britain? I do not say distribute them in Great Britain, but when does it undertake to deliver them in Great Britain, as far as our service is concerned, so that they may be distributed there?

Mr. MULOCK: I presume the hon. member is still talking about air.

Mr. BLACK (Cumberland): Yes; the three classes of air mail communications.

Mr. MULOCK: As far as airgraph is concerned, weather permitting, it goes daily. It is a comparatively new service. At the beginning, for west-bound airgraphs, we did not have the processing equipment in Canada, and our messages had to be sent to the United States to be processed. They were processed with the American messages in the proportion the number of ours bore to the number of the American messages coming in. If they had a large mail, our processing might be held up for some days, and there was also the additional time of sending it down and getting it back. I am glad to say that now they are processed in Toronto. We managed to get the service performed there, and that has speeded things up considerably, not only for the messages being turned into airgraph on this side but for those processed on receipt from Great Britain or other parts of the world. As regards armed forces air letters, they are going every day subject to weather conditions. As regards the thirty-cent letters, they are going five times monthly.

Mr. BLACK (Cumberland): The minister said a short time ago that an improved service was being put into effect by his department. Is he prepared to give further information in that regard?

Mr. MULOCK: Perhaps the hon. member is referring to the statement made by the Minister of Munitions and Supply when he announced the new service being operated by a department of government. We are making use of that.

Mr. BLACK (Cumberland): The postal service uses that?

Mr. MULOCK: We use that. At least, we have used it westbound. As a matter of fact, we have brought ordinary mail from the troops back on that. We will speed matters up as far as we can. I cannot say we will handle all mail coming back that way, but we will handle as much as there is space available for.

Mr. HANSON (York-Sunbury): Is that Trans-Canada?

Mr. MULOCK: Yes, Trans-Canada.

Item agreed to.

DEPARTMENT OF THE SECRETARY OF STATE

Department generally, $39,950.

Mr. HANSON (York-Sunbury): What is the necessity of this?

Hon. N. A. McLARTY (Secretary of State): In a sense this is to pay for the added staff of the bureau of translations. There is one justification for its being here, namely, that the translators are used by the war departments, but that is not the reason for it. The reason is that all this has happened since the estimates were made up last fall, and consequently next year it will not appear in the war estimates at all, but will be a civil estimate.

Mr. HANSON (York-Sunbury): It is really a civil estimate, but you tucked it in here in order to get it through?

Mr. McLARTY: That is correct.

Item agreed to.

Commission re revocation of naturalization certificates, $5,000.

Mr. HANSON (York-Sunbury): I am a little curious about this item.

Mr. McLARTY: I think I can explain it. During the war a great many allegations are made against citizens of Canada who had their origin in enemy countries, to the effect that they are disloyal to the king or disaffected or something else of that kind. Under the Naturalization Act they have the right to have their case heard by a commission before it is acted upon by the Secretary of State. The commissioners under this are Mr. Justice Robson of the court of appeal of Manitoba, Mr. Lee Kelley of Ottawa and Mr. Aldous Aylen, also of Ottawa. They serve entirely without remuneration. Last year the vote was $10,000; this year it has been cut in half, to $5,000, and the only purpose of the vote is to cover expenses. For example, a great many of these allegations come from various internment camps and other parts of Canada from which the applicant could not possibly come to Ottawa. Consequently, as occasion requires and as the number of cases becomes large enough, the commission visits them at those points and then makes recommendations to the Secretary of State.

Mr. HANSON (York-Sunbury): This is just for travelling expenses, then?

Mr. McLARTY: Yes.

Mr. HANSON (York-Sunbury): I am wondering how many naturalization certificates have been revoked, if the minister has that information.

Mr. McLARTY: Not many under this provision. There have been quite a few revocations of naturalization papers since the beginning of the war, and one reason for that is that the United States made a complete survey of the citizenship of all its citizens. When it found, for instance, that a person had been naturalized in Canada and had not taken out his papers in the United States, though he might have lived there for quite a number of years, they would notify the naturalization branch to that effect. We would write the person concerned asking if he was prepared to have his naturalization certificate cancelled. I think in all cases it was upon notice, and in the majority of cases they did not even reply. In other cases they said they wished to have their certificates cancelled. I do not think there have been many cancellations of naturalization by this commission, and of course this vote is purely a contingency vote, depending upon the number of applications that are made.

Mr. MacNICOL: May I ask by whom the commissioners are appointed?

Mr. McLARTY: By the Secretary of State.

Mr. MacNICOL: Are they yearly appointments?

Mr. McLARTY: I speak from memory, but my impression is that they are.

Mr. MacNICOL: At how much per day, or what salary and what allowances?

Mr. McLARTY: There is no salary and no per diem; it is merely their actual out-of-pocket expenses, which consist largely of travelling expenses.

Mr. MacNICOL: It certainly is pleasant to hear that in war time somebody is willing to work for the country for nothing.

Mr. HAZEN: Can the minister say how many cases were heard last year?

Mr. McLARTY: I know there were no cases at all heard outside the city of Ottawa, and I do not think there were many cases heard even in Ottawa. Of course as I say this is a contingency vote. The only cases heard would be those of people notified that their naturalization was to be cancelled on such and such an allegation. Then they would be notified that if they wished to do so, they could elect to have a hearing before the commission in connection with their cases. I am sorry I cannot advise the hon. member as to the number. When the vote in the civil estimates is under consideration I shall be glad to give him that information.

Mr. HANSON (York-Sunbury): When that vote comes up, would the minister be good enough to make a statement on the naturalization position, that is with respect to applications for naturalization. I remember inquiring of the previous Secretary of State, and I believe we should know just what that position is..

Mr. McLARTY: I shall be very glad to do so.

Mr. COLDWELL: At the same time would the minister make some statement on the position of persons who leave this country, go to the United States and there take out their first papers. The oath that is taken in the United States when a foreigner takes out his papers is that he definitely foreswears allegiance to His Majesty King George VI, his heirs and successors. That would seem to be a foreswearing of Canadian citizenship, and I am not sure just what the position is. I have been asked on occasion what is the position of such a person, and perhaps the Secretary of State can tell me.

Mr. McLARTY: I think I might answer that question immediately. In that case the United States authorities advise the naturalization branch of what has occurred. We proceed to notify the person concerned that unless he has some reason to allege against it—and it is hard to imagine what it could be—we will revoke his naturalization certificate.

Mr. COLDWELL: You do that?

Mr. McLARTY: Yes.

Mr. HANSON (York-Sunbury): In the meantime he is a man without citizenship.

Mr. McLARTY: He has made his application in the United States.

Mr. MacNICOL: But he does not lose his citizenship here until he completes the papers which are required by the country in which he takes them out.

Mr. McLARTY: Quite true.

Item agreed to.

Civil service commission—
Supply of personnel for war services, $597,443.

Mr. MacNICOL: The appointments made by the civil service commission under this item will not be permanent appointments, I presume, or for more than the duration of the war?

Mr. McLARTY: Some of them may turn out to be permanent, but I think they are appointments to war departments and consequently, for the time being at least, they would be temporary.

Mr. HANSON (York-Sunbury): I understood that all these people were notified that their appointments were purely temporary.

Mr. McLARTY: That is correct.

Mr. HANSON (York-Sunbury): And they could only take their chance of becoming permanent after the war, as occasion might arise. This is a large sum of money, and perhaps the minister could give us a little more explanation about it.

Mr. McLARTY: I shall be glad to give the break-down. In the matter of salaries, $405,460 is provided. The amount voted last year, including the supplementary estimates, was $300,000, so that in that regard there is an increase of $105,360. In connection with war duties supplements there is a net increase of $300. For the cost of living bonus, $59,263 is provided as against $40,000 last year, or an increase of $19,263. For printing and stationery, this year $30,000 as against $35,000 last year, or a reduction of $5,000. For the cost of holding examinations, $22,000 this year as against $20,000 last year, an increase of $2,000. For sundries and miscellaneous, $21,000 and for travelling expenses $41,000, a total of $62,000 as against $65,300 last year, or a reduction of $3,300. Contribution to unemployment insurance fund, $5,520, which is a net increase over last year. Minimum railway fares, $13,000 this year as against $16,700 last year, or a reduction of $3,700. The total of all increases is $132,443 and of all decreases $12,000, or a net increase of $120,443. I might just supplement that with a little information which I think the committee might find interesting. To show the

tremendous development the war has entailed, may I quote the figures supplied to me. In 1938 the commission made 6,406 appointments to the public service; in 1941, they made 31,061 and in 1942, 48,000. I am advised that that figure of 48,000 is running on a pretty even keel at the present time. I give them to show the tremendous growth.

Mr. HANSON (York-Sunbury): About 4,000 new appointments a month.

Mr. McLARTY: Correct.

Mr. COLDWELL: That is gross, of course. What would be the net increase?

Mr. McLARTY: I cannot advise the committee as to what the net is, but I shall get the figure when the civil estimates are before the committee. But it does not matter whether it is gross or net, as far as the work to be done is concerned.

Mr. HANSON (York-Sunbury): How many employees were in the civil service commission branch before the war, and what is the total to-day?

Mr. McLARTY: I shall have to give that information too, when the civil estimates are being considered.

Mr. MacNICOL: Is there a quorum in the committee?

Mr. McLARTY: Yes, a big quorum.

Mr. MacNICOL: No; I count only nineteen.

The CHAIRMAN: I find there is just a quorum present.

Mr. HANSON (York-Sunbury): How many government members in the house?

Mr. COLDWELL: Six.

Mr. McLARTY: Not many in quantity, but the quality is high.

Mr. CRERAR: I think there is a quorum.

Mr. HANSON (York-Sunbury): There will not be one, if the minister leaves the chamber.

Mr. MacNICOL: I can count only nineteen.

Mr. ROSS (Souris): A lot of the cream is here, anyway.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Mines and geology branch—to provide for development work to be undertaken by Consolidated Mining and Smelting Company of Canada Limited, in connection with tarsands located in the province of Alberta, $150,000.

Mr. COLDWELL: Will the minister explain the item?

Mr. MacNICOL: Does this vote cover an amount spent this year, in addition to what was spent last year?

Hon. T. A. CRERAR (Minister of Mines and Resources): This covers an expenditure that was initiated in the Department of Munitions and Supply, I believe on the recommendation of the oil controller, something over a year ago. Under the arrangements made, an agreement was entered into with the Consolidated Mining and Smelting company to do certain work in connection with drilling, and for the purpose of determining the extent of the tar sands and their quality. It also covered certain expenses in connection with laboratory work carried on to ascertain the best methods of treatment of sands, or the bitumen recovered from the sands. The total amount paid under the agreement up to March 31 last year was $1,234.15. This amount is to reimburse the Consolidated Mining and Smelting company for the expenditures it incurred under that agreement. It will be payable during the current year. That is why the item appears.

Mr. MacNICOL: I am sorry this work was not undertaken by the tried, trained and experienced men of the Department of Mines and Resources. They were more competent than any other engineers in Canada to do this work of investigating tar sands. They have made investigations along these lines for many years. I repeat that the minister's own engineers were best qualified. They have been doing it, and I am as sure as I am standing here they would have done it for less than the amount mentioned in the item. I cannot understand why outside engineers were sent to do what the minister's own engineers were best qualified to do.

Mr. CRERAR: The work was undertaken at cost by the Consolidated Mining and Smelting company; that is, they did not plan to make a profit out of it. I suppose one might say it was a contribution from their experience and knowledge.

Mr. MacNICOL: Of what?

Mr. CRERAR: A knowledge which, apparently the hon. member for Davenport questions. At any rate that was the idea when the arrangement was made with the company. May I add that this arrangement was not made by the Department of Mines and Resources, but rather by the Department of Munitions and Supply on the recommendation of the oil controller. The work of the Consolidated Mining and Smelting company has terminated.

Mr. MacNICOL: It is now ended?

Mr. CRERAR: In effect, it is terminated. The current work is not being conducted by that company. This estimate is required to pay the company for the work which to a great extent was done last year, but which was not paid for by the end of the fiscal year. It is also for the completion of some tests being made under their supervision.

Mr. COLDWELL: By whom is the current work being done?

Mr. CRERAR: That was all set out in a document tabled in the house some weeks ago. It is being carried out under an agreement between the Department of Mines and Resources and a company known as the Abasand company at Waterways in northern Alberta. The terms of the agreement are set out in the return tabled in the house. The work will really be under the direction of the Department of Mines and Resources from the time of the agreement, on. The agreement contains provisions not only for the operation of the work, but also for the liquidation of the agreement when it is terminated. If I recall correctly, termination is to be six months after the declaration by the government that a state of war with the enemy has ceased.

Mr. MacNICOL: I would not want either the minister or the committee to infer from anything I said that I have not the highest opinion of the Consolidated Mining and Smelting company, because I have. They are a fine company, and they have splendid engineers. But I was perfectly satisfied with the departmental engineers. They have been in the field for some thirty years and have rendered excellent service. They made a thorough investigation for the department, if the department pamphlets are correct, and I believe they are. I have been over this area on several occasions and I know what the departmental engineers have done. They were competent and did splendid work, and I feel that this work should have been done by the mines and resources department. This is no reflection upon the Consolidated, but I feel that the department should have done this work because their men knew where to go and just what to do. They had the equipment, which the Consolidated did not have when they started. I presume that is why this account is so high. I doubt if the department would have spent $150,000; they might have spent up to $50,000 or more. It all goes to show that there was not the cooperation there should have been between these two departments of government.

[Mr. MacNicol.]

The munitions department sent in outside engineers, and I feel that they should have asked the Department of Mines and Resources to send in their engineers. They were thoroughly qualified; in fact there are none better qualified in North America to carry on tar sand investigations. It is too bad that the munitions department did not ask the Department of Mines and Resources to send its men out there to make inquiry.

Mr. COLDWELL: Could the minister give us any idea as to how this work is progressing? The agreement has been in effect for several months, and I should like to know what success the company is having.

Mr. HANSON (York-Sunbury): Before the minister answers, I should like to make one observation. The wording of this item does not correspond with the ministers' statement. He said that this was to cover work that had been done already, but the item reads that it is to provide for development work to be undertaken. The two statements do not quit jibe. Is this a new undertaking, or is it a continuation of a previous undertaking?

Mr. CRERAR: The point raised by my hon. friend is quite pertinent, but the facts are as I have stated. The estimate may not be as well worded as it might have been.

Mr. HANSON (York-Sunbury): We have to take it as it is.

Mr. CRERAR: A great deal of expense was incurred last year which this vote is to cover. There are also continuing expenditures to be made for experimental work. The Consolidated Mining and Smelting company arranged for this work with two concerns in the United States, one in Chicago and one in Louisiana.

The hon. member for Rosetown-Biggar wanted some particulars as to how the work is progressing. This agreement was entered into a few months ago—I have not the precise date—with the Abasand company which was operating in the Waterways area. Abasand had been conducting operations largely of an experimental nature for some years past, but as their work progressed they found that changes were necessary in their plant and equipment. An arrangement was entered into between the government and the Abasand company which gave the government complete control of the operation. In fact the department takes over temporarily the assets of the Abasand company.

It is estimated that about $300,000 will be required to remodel the buildings and plant and equipment of the Abasand company. There will be drilling operations to be carried

on as well as experimental work in the plant when it is rebuilt or revamped. Work will also have to be carried on to determine the best method of treating the bitumen when it is recovered from the sands. There is a great deal of experimental work to be done in this regard. It is definitely known now that excellent road-building material can be secured from this bitumen. It is known also that certain heavy oils can be secured, but I am informed that there is a great deal of testing work to be carried on in order that gasoline of sufficiently high quality to be of commercial value may be extracted from the sands. This work will be carried out under the agreement.

The agreement provides that within six months after the declaration of peace or the ending of a state of war the government shall have the option of buying out any equity that Abasand may still have in the plant. If there are differences of opinion provision is made that these shall be referred to the exchequer court. On the other hand, if the government does not care to exercise this option the property will be returned to the Abasand company, which will have to reimburse the government, not only for the moneys advanced to cover operating expense but also for any losses that have been incurred, with a rate of interest of 3½ per cent on the money so advanced. I think those are the essential points of the agreement.

Mr. MacNICOL: The next item of $500,000 would cover the revamping of the plant?

Mr. CRERAR: That has nothing to do with the Abasand agreement.

Mr. MacNICOL: There is no item here that pertains to the revamping of the plant.

Mr. CRERAR: It was impossible to determine any definite amount, because the whole thing is really of an experimental nature. The funds required for the carrying out of the Abasand agreement will be available from the general war appropriation vote.

Mr. MacNICOL: This vote has nothing to do with that?

Mr. CRERAR: Not with the Abasand agreement.

Mr. MacNICOL: Abasand in the agreement merely means the government. The government is operating the plant under certain gentlemen who were associated with Canadian Oils Limited.

Mr. CRERAR: It is entirely under the control of the government.

Mr. HANSON (York-Sunbury): Is there any private capital in it at all? Is there any equity to be bought?

Mr. CRERAR: Oh, yes.

Mr. HANSON (York-Sunbury): Who has control of that?

Mr. CRERAR: I have not definite knowledge as to where the capital originated on which Abasand operates.

Mr. COLDWELL: How much private capital is there in the Abasand company?

Mr. CRERAR: I do not know. They state they have spent $900,000 on development. We do not reimburse them for that.

Mr. HANSON (York-Sunbury): According to the minister, if it turns out to be successful, they have a chance to recoup that $900,000 or whatever it is.

Mr. CRERAR: Not all of it, because part of it will be operating losses.

Mr. HANSON (York-Sunbury): You do not undertake to provide anything for that?

Mr. CRERAR: No.

Mr. MacNICOL: When the matter was up previously, the Minister of Munitions and Supply, speaking about the work that had been done by the Abasand company, mentioned the hydrogenation system for the extraction of the oil from the bitumen. It is quite easy to get the bitumen out, but the difficulty has been to get the oil out of the bitumen. The money that is to be spent by Abasand is not to be spent on a hydrogenation system, because that would cost a great deal of money. I am in favour of that system. If the next vote has nothing to do with that plant, I have nothing more to say at the moment.

Item agreed to.

Mines and geology branch—

Investigations of petroliferous deposits and of potential petroliferous areas in Canada, $500,000.

Mr. WRIGHT: In the early part of the session I placed questions on the order paper with regard to oil deposits at Fort Norman and the pipeline constructed from there to White Horse. The minister asked me to take the questions off the order paper because it was not in the public interest to answer them. But within a very short time afterwards I found information in certain United States papers which answered many of the questions I had asked, especially those related to the pipeline. I believe that since then certain

documents have been tabled in this house giving details with respect to the pipeline and the arrangements made for its return to Canada after the war. But we have never had a statement from the minister with respect to the oil deposits at Fort Norman, informing us how much money has been spent there, whether the dominion government or the Imperial Oil company is drilling wells, or what companies are interested in that field. From information we have received from other sources it is apparent that this field may develop into one of the larger oil deposits in Canada, if not on the north American continent. The minister should make a full statement on the situation, as to who is making the development and under what conditions, and how much is being spent by the government and how much by private companies.

Mr. CRERAR: With regard to the questions which my hon. friend put on the order paper a few months ago, as I recall it now, we were not in a position to give the information asked for at that time as a result of an understanding with the United States authorities.

Mr. WRIGHT: They published the information themselves within a few days.

Mr. CRERAR: Not a few days, but the information was given out at Washington some time later. It was their option to give out or withhold the information.

Mr. WRIGHT: Has Washington the authority to issue statements with respect to our own resources. It is a serious state of affairs if that is so. It seems to me that we should have the authority.

Mr. CRERAR: My hon. friend is getting the thing all twisted and distorted.

Mr. WRIGHT: I have not got it twisted at all.

Mr. CRERAR: There was an understanding reached with the United States government concerning the Canol project, with respect to which a statement was made by the Prime Minister the other day. Certain drilling operations were carried on there for which the United States government, I understand, although I have no definite assurance on this, provided the capital. This whole development was to ensure a supply of oil for defence purposes, and since the United States government were carrying on this project we respected their wishes that publicity should not be given to it. That is why my hon. friend's question could not be answered at the time he asked it. This federal government has not spent one dollar in development work at Fort Norman. There is not a dollar in these estimates or in the estimates of last year for that development. What we did do was to give the Imperial Oil company permits to drill for oil over a certain area. The Imperial Oil company already had leases at Fort Norman, obtained many years ago.

Mr. MacNICOL: And had wells operating, too.

Mr. CRERAR: And already had a few wells there producing oil, as well as a small refinery. There was a certain amount of fuel oil produced, and I believe some gasoline, at that refinery. I happen to know that the mining operations at Great Bear lake, where radium is produced, were carried on by means of power from diesel engines run by fuel secured from these Fort Norman wells. It was known there was oil there. The United States wished to make certain of an additional supply of oil and gasoline for war purposes and their geologists and engineers examined the territory. I do not know just what arrangements they made with Imperial Oil company. That was no particular concern of ours. We gave the Imperial Oil company some additional territory under permits. They had an area under lease there for their old development, and additional wells are being drilled. I understand that enough oil is being secured to justify the building of the pipeline. Let me repeat, that these permits were given for the purpose of finding sufficient oil to pipe to White Horse and from White Horse on to the defensive works in Alaska.

Mr. WRIGHT: Will the minister table information on the areas and the concessions that have been given to the Imperial Oil company?

Mr. CRERAR: We have drafted a set of regulations, which have been tabled, covering the granting of permits for oil in the Northwest Territories. The permits have been issued to the company going in there to drill. We have not encouraged; we have discouraged what might be called purely speculative interests; that is, people who might think there was oil up in that country and would reserve a certain area, pay a ground rental on it for a year, and then try to sell it off to someone else who would develop it. We have discouraged that.

Mr. WRIGHT: And given it to one company.

Mr. CRERAR: We have given permits to responsible people who would go in there and develop it. There is no use in giving a permit, for instance, to some person who

would go in and use it for speculative purposes. After all, the government were not prepared to do the drilling there. There is not much prospect, I can assure my hon. friend, of developing oil at Fort Norman for uses other than those involved in this increased development for defence purposes, which is costing a considerable amount of money per gallon of oil when it is delivered, and for such operations as there are at Bear lake. It is not an economic proposition at the present time to develop an oil well at Fort Norman, 1,400 miles north of Edmonton. How would you get the oil to Edmonton, for instance, where it could be used? When you had got it out, transportation would cost so much that it could not for a second compete with oil from other sources. Unquestionably this development was stimulated by the state of war which existed with Japan and the need of getting oil supplies to the Alaskan frontier. That is the whole reason for this increased development. It is quite true that the government might have said, "No; because it is the Imperial Oil company we will not have anything to do with it," and we would have blocked the war effort, and that would have been that. I do not think there could be any justification for the dominion government going into an oil development 1,400 miles north of Edmonton, that might cost hundreds of thousands or millions of dollars, for uses in ordinary times.

Mr. WRIGHT: The minister has stated that the dominion has turned over these deposits to one company to develop. None of us is quite naive enough to believe that this one company are in there for their health; that they are not getting anything out of these deposits; that they are simply developing it for war purposes without any chance of ever making anything out of it. They are certainly getting their share out of it, or they would not have developed it, and they are given a monopoly as far as this development is concerned. Whether it is economic or not depends on how much oil is there. In the United States oil is being transported great distances, from Oklahoma, near the gulf, right up to the northern states. It depends on the quantity of oil that is in the field, and if reports we hear are correct this may be a very important field. I certainly do not think the government are doing what is right in giving the company a complete monopoly of that field.

Mr. CRERAR: My hon. friend, of course, is quite entitled to his view; there is no doubt about that. As a matter of fact, as a purely commercial proposition you would not get one oil company in ten to look at that field. I venture to say that the Imperial Oil Company have spent more money there by a long margin than they have recovered, or will recover for a good many years. That is for the simple reason that, as I stated a moment ago, it is not feasible commercially to take oil even in the quantities they have, at Fort Norman, 1,400 miles north of Edmonton, to the places where it can be used. The United States government in respect of its interest in this development asked that the permits be granted to the Imperial Oil company. Under the permits, when the war is over, we have the right to have half the area they have prospected and developed come back to the government, including half the wells and half the equipment. When my hon. friends of the Cooperative Commonwealth Federation come into office, as they hope to do some day, they may find this all ready for operation by then.

Mr. WRIGHT: They will find it tied up pretty well by one particular company. The minister's statement hardly holds water. In one breath he tells us he has to give it to one company to prevent speculators going in—

Mr. CRERAR: I did not say anything of the kind.

Mr. WRIGHT: Oh, yes, you did.

Mr. CRERAR: I said that the Imperial Oil company were in there years ago; that they had developed certain works at Fort Norman, and that when this idea developed for the supply of oil and gasoline for Alaskan defence, the United States government asked that the Imperial Oil, who had had experience in the field, be given some additional territory, and that additional territory was given under terms which I mentioned a moment ago, that when the war is over, the government secures, without cost one-half the development which has taken place. What my hon. friend was speaking about a moment ago, as to permits being issued, did not refer, as I understood it, to the Imperial Oil company. We could have to-day numerous speculative interests, who probably are not oil developers at all, to go in and, if we gave them a permit, preempt a certain territory in the hope that later on they could turn it over at a profit to someone who would develop it. Now we have effectively prevented that sort of thing.

Mr. MacNICOL: Perhaps I can set the matter straight. I mentioned the subject a short time ago. I have not any brief for the Imperial Oil, but I commend them for what they have done in that part of the country.

They went in there quite a few years ago, and got nothing out of it commensurate with what they invested in it. They deserve credit for drilling wells at Fort Norman. I believe that up to the time that war broke out they had had six wells more or less that perhaps could produce an average of, I understand, 300 barrels a day, at any rate not a large number. The wells did not operate for a few years, so that the company received no return outside of what oil they have sold to the radium mine on Great Bear lake and to the mines at Yellowknife on Great Slave lake. Their oil barges came up the Mackenzie river and sailed over Great Slave lake to Yellowknife and to other mining centres on Great Slave lake. Also they sent oil up the Bear river which they had to move around the rapids of Bear river, and then on Great Bear lake to the radium mines at the east end of that lake. After the United States became embroiled in the war with Japan they wished to have oil for their war activities in Alaska. It was then they considered running a pipeline from Fort Norman over to White Horse. Other wells had been drilled by or for them, I believe, and I assume that what the minister refers to as to the United States investing in that part of the country is what they have invested in the wells they have drilled since they went there and the pipeline. From what the minister said I understand that the United States government or someone representing it has taken over for the time being the wells which were formely operated by and for the Imperial Oil company. Am I right?

Mr. CRERAR: No; that is not correct.

Mr. MacNICOL: Is the Imperial Oil also producing oil?

Mr. CRERAR: The United States government made an arrangement or reached an understanding with the Imperial Oil company—

Mr. MacNICOL: That is what I said.

Mr. CRERAR: —to carry on drilling operations. That is according to the information that has been supplied me. What the nature of that arrangement is, how the United States government assisted the Imperial Oil company financially, or the terms upon which they assisted them, I do not know. That is a matter between the United States government and the company.

Mr. MacNICOL: The United States government takes over all the oil produced at present at Fort Norman.

[Mr. MacNicol.]

Mr. CRERAR: They buy oil from the operating company. The United States has not acquired title to a single oil well.

Mr. MacNICOL: They take the oil produced.

Mr. CRERAR: Yes.

Mr. BENCE: I should like to obtain more information about the item. How much of this money is spent in Saskatchewan and how much in Alberta, and where is the money spent in Saskatchewan?

Mr. CRERAR: I understand there is only one project that is under consideration in western Saskatchewan. There is some expenditure being incurred at Wainwright in Alberta. This is to cover the investigation of petroliferous areas in Canada; that is, possible oil areas.

Mr. HANSON (York-Sunbury): Generally?

Mr. CRERAR: Yes.

Mr. BENCE: I want to know the areas that are being investigated in Saskatchewan. How much is expended in that particular province? How much is earmarked for it?

Mr. CRERAR: I regret that I cannot give my hon. friend the precise location of that area. There is only one area in the southwestern part of the province.

Mr. BENCE: Is no work being done in northwestern Saskatchewan in the direction of Lloydminster?

Mr. CRERAR: No.

Mr. MacNICOL: Is it proposed to drill for oil at the town of Peace River or down the river from Peace River?

Mr. CRERAR: We have quite a number of geological parties—seventeen. We have ten parties prospecting for oil in Alberta, largely in the northern part of the province and also some over the border in British Columbia.

Mr. MacNICOL: I was referring to the oil site at or near the town of Peace River. The minister is undoubtedly familiar with the oil formations, or evidences of oil, on the Peace river, right at the town of Peace River and down the river some twenty-five miles. Last summer I went down the river about twenty-five miles.

Mr. CRERAR: I cannot tell my hon. friend the precise places where these geological parties are making surveys, but I should think it likely that the area he speaks of will come under their work.

Mr. MacNICOL: They are survey parties? This vote just covers survey parties?

Mr. CRERAR: It covers more than that.

Mr. MacNICOL: Does it cover the actual drilling of wells in any area?

Mr. CRERAR: No.

Mr. BENCE: Can the minister give me that information as to how much of the money is being spent or is earmarked for Saskatchewan?

Mr. CRERAR: There is an estimate of $10,000, but it may be more or less than that. We get a vote of $500,000. There is great urgency for oil, and consequently we have arranged for as many survey parties to go out for oil as we can get. It is impossible when you get your estimate to say just how much money you will spend here and how much you will spend there.

Mr. COLDWELL: You have $10,000 earmarked?

Mr. CRERAR: Yes. Whatever is necessary for the party in Saskatchewan will be available out of this vote.

Mr. BENCE: I am interested to see that enough money is available to ensure that the work is done completely in that province.

Mr. CRERAR: I can give my hon. friend the assurance that this party will have all the support financially that is necessary for it to carry on work throughout the summer.

Mr. COLDWELL: Is it just one party going out in Saskatchewan?

Mr. CRERAR: I understand that is correct.

Mr. COLDWELL: The minister was asked if work was being done in southwestern Saskatchewan. Are there not some leases to be worked in southeastern Saskatchewan?

Mr. CRERAR: No. I do not think we have had any warrant for carrying on work there. After all, the department is guided by its trained men, its geologists, as to where the money will be spent.

Mr. FAIR. Can the minister give information with regard to the development at Wainwright?

Mr. CRERAR: I should have said a moment ago that work is being carried on on the seismograph principle. I hope no hon. member will ask me to explain it, because I do not know anything about it; but it is, I am informed, a scientific method of prospecting by means that are somewhat new, and some of that seismographic work is being carried on in the Wainwright field.

Mr. COLDWELL: Is that by dynamite and recording machines?

Mr. CRERAR: They drill holes in the ground and set off a blast of dynamite, and that is recorded on machines. Those who are qualified and experienced in the work can determine from the records made on the machines, or at least they can make a pretty shrewd guess, whether or not there is any oil underneath.

Mr. COLDWELL: I believe they can find out what kind of formation it is geologically.

Mr. CRERAR: Probably.

Mr. COLDWELL: How many parties does the minister propose to send out this year on this particular work?

Mr. CRERAR: There is a total of seventeen parties prospecting, geological parties looking for oil, and there are seven topographical parties in addition.

Mr. JOHNSTON (Bow River): Are they made up of parties that are going out under the auspices of the Imperial Oil? There are parties going out drilling, sent by Imperial Oil. Is a part of this going to assist them?

Mr. CRERAR: Not a cent of it.

Mr. JOHNSTON (Bow River): Is that all done on their own?

Mr. CRERAR: That is all done on their own.

Mr. JOHNSTON (Bow River): I understood that a portion of this grant was being used for that purpose.

Mr. CRERAR: There is nothing in this vote for purposes of that kind.

Mr. COLDWELL: Are we helping Imperial Oil? Are we paying anything towards the Imperial Oil's exploration?

Mr. CRERAR: No.

Mr. JOHNSTON (Bow River): What amount of assistance is given to Imperial Oil for testing the structures around the country?

Mr. CRERAR: We are not giving them any assistance.

Mr. JOHNSTON (Bow River): None at all?

Mr. CRERAR: No.

Mr. BENCE: What is the extent of the collaboration between the minister's depart-

ment and the minister of natural resources of Saskatchewan? Is there any unity of purpose in the work of the minister's department and the work of that particular provincial department in connection with the explorations for which this money is being provided?

Mr. CRERAR: As far as the officials of the Department of Mines and Resources are concerned, they are carrying on discussions from time to time with their opposites in the provincial field. Let me repeat that these parties are sent into certain areas on the recommendation of the experienced geologists of the department.

Mr. BENCE: Of the minister's department.

Mr. CRERAR: Of our department. Doubtless they have obtained all the information that might be available in the provincial department; it would be their business to have all the information they could possibly get.

Mr. BENCE: Does the province of Saskatchewan contribute in any way to the sort of work the minister's department is doing in this regard?

Mr. CRERAR: No; we bear the entire expense of the geological parties.

Mr. EDWARDS: Do I understand that this is the first time the federal government have resorted to the use of the seismograph in testing the oil potentialities of the various areas? I believe that for years past they have examined potential structures from a purely geological point of view, but now I understand that as a result of the present need the activities of this particular branch are being enlarged, and it is actually testing by the use of the most recent and best recognized system of seismographic test. Is that correct?

Mr. CRERAR: Yes; this is the first time the seismograph has been used at federal government expense; I think I am correct in that. Our own officers do not do this work; we make agreements with experienced seismograph companies who do certain work under contract, in certain areas that we designate.

Mr. COLDWELL: What has Doctor Hume been using for the last several years in some of these surveys? Has he not been using this method?

Mr. CRERAR: He has been examining structures, but not by seismographic methods. It may be that the seismographic methods will attain a higher state of perfection than has been the case in the past. After all, these methods are tried out and tested thoroughly, and improvements made, and it may well be that the federal government, this government or some other government in the future, will consider it a wise expenditure to get the necessary equipment to carry on this seismographic work at government expense, but we do not have the experienced operators at this time. We recognized that there were possibilities in this method, and arrangements were made with experienced seismograph companies who, I understand, have been largely employed in the United States.

Mr. COLDWELL: The arrangements were made with seismograph companies, does the minister say?

Mr. CRERAR: Yes.

Mr. COLDWELL: Are these instruments costly? I do not think they are very expensive, relatively, considering the use one gets out of them. In fact I think our own department has been experimenting with them for a number of years, and I find it difficult to understand—

Mr. CRERAR: I do not think my hon. friend is correctly informed there. I understand there are seismographic companies, principally in the United States, though no doubt they operate in other parts of the world as well, who have the instruments and trained personnel necessary for carrying on the work. At any rate our work is being carried on under an agreement with an experienced operator.

Mr. COLDWELL: What is the agreement? Do you pay them so much per month or so much per year or so much per day?

Mr. CRERAR: We pay them so much a week or so much a day; at the moment I do not know the precise terms of the agreement.

Mr. MacNICOL: You send them to an area and they take their equipment and carry on their investigation, and when they report they are paid for the length of time they have taken, are they not?

Mr. HAZEN: Does this item include the cost of the investigation recently made into the shale deposits in Albert county?

Mr. CRERAR: That is correct.

Mr. HAZEN: Could the minister tell us what was the cost of that investigation, who made it and how long it took?

Mr. CRERAR: We provided $50,000 for that purpose, of which $42,611 was spent.

Mr. HANSON (York-Sunbury): Did the province of New Brunswick contribute anything?

Mr. CRERAR: Twenty-five per cent.

Mr. MacNICOL: Was that work done under the direction of Doctor S. C. Ells?

Mr. CRERAR: It was under the direction of another departmental geologist.

Mr. EDWARDS: I presume the information gained through this seismograph work is made available to the public as soon as it is obtained, and I should like the minister to tell us how that is done. I wish to know also whether there is any general policy in regard to doing seismograph work in areas already leased to development companies. I have in mind one area west of Rocky Mountain House, for instance, where there is a very large potential field. One well has been drilled there at tremendous expense, costing something over $500,000. I should assume that it would be desirable to do more intensive work in examining the potentialities of that area, but I can see also that such work would be to the benefit of a company which is already in there with a very large leasehold. The work being done by the department is desirable and commendable, but I was wondering whether the department was confining its exploratory work to areas not already leased, or whether it was giving some assistance to companies possessing areas not yet proven up.

Mr. CRERAR: I believe this is the first year the federal government has spent money on the seismograph method, though I understand that certain oil companies which have areas in Alberta under permit or licence have used the method, which is a common practice in the United States. However, we are not spending any money now in areas under the control of private companies. I am informed that our tests by the seismograph method will be confined almost wholly, if not entirely, to Wainwright national park, which is still under the control of the federal government. The survey may be carried outside the boundaries, but it is a new thing. The officers of the department think it has possibilities, and my judgment is that it will probably pay the government to incorporate permanently in its geological survey work the seismographic method.

Mr. HANSON (York-Sunbury): Is money being spent in eastern Canada?

Mr. CRERAR: There have been investigations in New Brunswick, and some in Nova Scotia.

Mr. HANSON (York-Sunbury): Anything in the Gaspé district?

Mr. CRERAR: No, nothing in the Gaspé district.

Mr. FAIR: Is any work being done in the Lloydminster or Vermilion oil fields?

Mr. CRERAR: Some work is being done in the Vermilion district.

The CHAIRMAN: Shall the item carry?

Mr. COLDWELL: Eleven o'clock.

Mr. CRERAR: Did the item not pass?

Mr. HANSON (York-Sunbury): No.

Item stands.

Progress reported.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Friday, July 16, 1943

The house met at eleven o'clock.

THE WAR

MESSAGE OF PRIME MINISTER CHURCHILL AND PRESIDENT ROOSEVELT TO THE PEOPLE OF ITALY

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, this morning Prime Minister Churchill and President Roosevelt issued a proclamation addressed to the people of Italy, setting forth that the sole hope for Italy's survival lies in honourable capitulation. The following is the text of the proclamation:

1. At this moment the combined armed forces of the United States, Great Britain and Canada, under the command of General Eisenhower and his deputy, General Alexander, are carrying the war deep into the territory of your country. This is the direct consequence of the shameful leadership to which you have been subjected by Mussolini and his fascist regime.

2. Mussolini carried you into this war as the satellite of a brutal destroyer of peoples and liberties.

3. Mussolini plunged you into a war which he thought Hitler had already won. In spite of Italy's great vulnerability to attack by air and sea, your fascist leaders sent your sons, your ships, your air forces, to distant battlefields to aid Germany in her attempt to conquer England, Russia and the world.

4. This association with the designs of nazi-controlled Germany was unworthy of Italy's ancient traditions of freedom and culture—traditions to which the peoples of America and Great Britain owe so much.

5. Your soldiers have fought not in the interests of Italy but for nazi Germany. They have

fought courageously, but they have been betrayed and abandoned by the Germans on the Russian front and on every battlefield in Africa from El Alemein to Cape Bon.

6. To-day Germany's hope for world conquest have been blasted on all fronts. The skies over Italy are dominated by the vast air armadas of the United States and Great Britain. Italy's sea coasts are threatened by the greatest accumulation of British and allied sea power ever concentrated in the Mediterranean.

7. The forces now opposed to you are pledged to destroy the power of nazi Germany—power which has ruthlessly been used to inflict slavery, destruction and death on all those who refuse to recognize the Germans as the master race.

8. The sole hope for Italy's survival lies in honourable capitulation to the overwhelming power of the military forces of the united nations.

9. If you continue to tolerate the fascist regime which serves the evil power of the nazis, you must suffer the consequences of your own choice. We take no satisfaction in invading Italian soil and bringing the tragic devastation of war home to the Italian people. But we are determined to destroy the false leaders and their doctrines which have brought Italy to her present position.

10. Every moment that you resist the combined forces of the united nations—every drop of blood that you sacrifice—can serve only one purpose; to give the fascist and nazi leaders a little more time to escape from the inevitable consequences of their own crime.

11. All your interests and all your traditions have been betrayed by nazi Germany and your own false and corrupt leaders; it is only by destroying both that a reconstituted Italy can hope to occupy a respected place in the family of European nations.

12. The time has now come for you, Italian people, to consult your own self-respect and your own interests and your own desires for a restoration of national dignity, security and peace. The time has come for you to decide whether Italians shall die for Mussolini and Hitler—or live for Italy and for civilization.

Mr. GRAYDON: Has the Prime Minister any information as to the means by which that message is to be conveyed to the people of Italy?

Mr. MACKENZIE KING: I understand that it was distributed by aircraft, and I have no doubt that it has also been communicated over the radio.

FARMERS' CREDITORS

CONSOLIDATION OF ARRANGEMENT ACT OF 1934 AND AMENDMENTS

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce Bill No. 132, to facilitate compromises and arrangements between insolvent farmers and their creditors.

[Mr. Mackenzie King.]

Mr. GRAYDON: May I ask the hon. gentleman to explain?

Mr. ILSLEY: As the House of Commons knows, it was announced some time ago that a consolidated Farmers' Creditors Arrangement Act would be introduced as soon as the war appropriation bill was passed. This is that bill. I think the statement as to the principles upon which the bill is built and founded had better be postponed until the second reading. In the meantime the bill will be circulated.

Motion agreed to and bill read the first time.

COFFEE

PRESS REPORT AS TO DISCONTINUANCE OF RATIONING IN THE UNITED STATES

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I have a question to direct to the Minister of Finance. An Associated Press dispatch from Washington under dateline of July 15 predicts that coffee rationing in the United States will come to an end on or about August 11. Will the minister be good enough to indicate to the house if this will mean any change so far as coffee rationing in Canada is concerned?

Hon. J. L. ILSLEY (Minister of Finance): Anticipating that this question would be asked, I asked the wartime prices and trade board for information on the subject. The wartime prices and trade board has no official advice of any proposed change in the United States coffee rationing and has only seen the newspaper reference. The situation in Canada regarding coffee rationing is quite different from that in the United States, because in normal times Canadians use approximately equal amounts of tea and coffee, while in the United States only a comparatively small amount of tea is used. It was possible to ration coffee alone in the United States, while in Canada the two had to go together.

Mr. GRAYDON: There is no tea rationing in the United States?

Mr. ILSLEY: I do not know about that; it is separate, at any rate. Coffee is dealt with alone in the United States.

Mr. GRAYDON: I thought the minister was indicating that.

Mr. ILSLEY: I am not sure about it. The supply position of both tea and coffee is dependent upon shipping; in the case of tea, from India, and in the case of coffee, from

South America. Until the stock position of both commodities is assured and future supplies are reasonably certain, it is not possible to increase the present ration allowances.

CENSORSHIP

NEW DIRECTIVE WITH RESPECT TO RADIO BROADCASTING

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to direct a question to the Minister of National War Services. I understand that a new censorship directive has been issued, I think yesterday, placing on radio stations the responsibility for keeping off the air any statements that might injure Canada's war effort. I would be glad to have the minister inform the house as to the details of this new directive and to lay a copy of it on the table of the house.

Hon. L. R. LaFLECHE (Minister of National War Services): The leader of the opposition was kind enough to send me an intimation that he would put this question, but unfortunately I got it only just before coming into the house. May I say at this time —I shall go into the question in detail by to-morrow—that on June 28 a new directive was issued by censorship, after the matter had been considered for a number of weeks. The purpose of the new directive was to clarify and simplify the matter of censorship in regard to broadcasting. This is one of the matters mentioned in a motion moved by the hon. member for Peterborough West (Mr. Fraser). Colonel Biggar is now back in town. I spoke to him yesterday and I hope to have some details from him very quickly when I shall be in a position to reply to the hon. member for Peterborough West.

ONTARIO ELECTION

REFERENCE TO ARTICLE IN "THE GRENADE" OF JULY 10, 1943

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to draw the attention of the Minister of National Defence to an article which appeared in an official army newspaper called *The Grenade,* the issue of July 10, 1943. The editorial page is headed, "Official organ of units and training centres, Petawawa military camp". The editorial to which I should like to refer is headed "The Forthcoming Election", and one paragraph reads:

> Your choice is between a government headed by Colonel George Drew, Conservative, or by Honourable Harry Nixon, Liberal. Both are well known and the decision may be a close one. It is up to each of us to see that that decision is truly representative of the current trend of opinion among men in the armed services.

There are three parties contending in the Ontario election. In my opinion it is incorrect and political propaganda to say that only two are contending, and I draw this to the attention of the minister.

Hon. J. L. RALSTON (Minister of National Defence): I shall find out the authenticity and the authorship of that paper. I must say that personally I do not know of it, but I would assume that it is published by the units themselves.

WARTIME INFORMATION BOARD

DISSEMINATION OF NEWS OF LANDING IN SICILY

On the orders of the day:

Mr. BROOKE CLAXTON (Parliamentary Assistant to the President of the Privy Council): Mr. Speaker, yesterday the leader of the opposition asked, first, for a clarification of a statement I made on Tuesday and, second, in what way the wartime information board played a part in the news of the landing in Sicily. His question referred to newspaper editorials, presumably those in the Ottawa *Journal,* the Montreal *Gazette* and the *Globe and Mail,* which said or implied that credit had been claimed for the wartime information board for the fine stories of Ross Munro. Such a claim would have been preposterous, and such an interpretation was not justified by the record. The actual words referred to by the leader of the opposition were:

> The events of the last few days indicate how useful has been the cooperation of the press relations officers, the press associations, the correspondents of newspapers overseas, with the wartime information board at various points in the background, in seeing that the people of this continent got early news of the landing in Sicily, and also that the statements which were made have afterwards received early and favourable notice in the United States both in the press and over the radio.

What the statement did was to name specifically the other agencies which had to do with this early and favourable notice, and then to add that the wartime information board had done useful work in the background. The limited nature of this assertion was emphasized in two further references, and the general relationship of the board to the press was made plain in numerous references in the speeches of the Prime Minister and myself.

The statement quoted speaks of the "early news of the landing in Sicily". This referred

particularly to the first news of Canadian participation, given in the United States war department communique, and to the Prime Minister's statement, both of which were issued in the first hour of Saturday morning. The dispatches from correspondents with the troops only came more than twenty-four hours later. The facts that word of the Canadians taking part came with the first announcement of the invasion, and that the Prime Minister's statement was issued immediately afterwards, were of prime importance.

The role that the wartime information board had in these early announcements can now be better understood in the light of the Prime Minister's statement yesterday.

The board was in continuous consultation with other officers of the government in endeavouring to see that the first announcement of an invasion included mention of Canadians. It also made arrangements to ensure that the Prime Minister's statement immediately afterwards was quickly and effectively distributed, particularly in the United States. Hon. members will appreciate the importance of the quick distribution of the first statement of Canadian participation from a Canadian source. Had the news about Canadian participation been delayed for a day, the facts would never fully have caught up with the first impression of the world that only British and American troops were involved and Canadian stories would not have been as well received.

In the statement nothing whatever was said to detract from the work in Sicily of Mr. Ross Munro or other correspondents, or of the Canadian Press itself. Mr. Munro's despatches were superb. They have done much to tell the Canadian people vividly about their troops in action, for which I did not for a moment claim credit for the wartime information board. In this case the board had to do with the early announcements and the quick and effective distribution of the first statement about Canadian participation emanating from Canada.

The extreme importance of the work of the war correspondents stands out and is fully recognized. In the field the three services maintain public relations officers who were formerly trained newspapermen themselves. The British and American armies also maintain public relations services. Their full-time duty is to assist war correspondents in obtaining and transmitting material and facilitating their work in every conceivable way. The public relations officers of the armed forces, under Mr. J. W. G. Clark, work in very close cooperation with the wartime information board. Working together they supplied background material on the Canadian army to supplement news from the front and gain credit for the people to whom it should be given, namely, the Canadian soldiers who are at this moment in battle with the enemy.

Mr. GRAYDON: It is still not very clear to me how the wartime information board had anything to do with respect to the news which reached the Prime Minister and was then disseminated, because it would come through the ordinary press channels. The Prime Minister then gave his statement to the public. Therefore it is not clear to me how the board can still claim to have taken any significant part with respect to what happened last Friday night or last Saturday.

Mr. CLAXTON: My hon. friend must appreciate that the full story cannot be told or the usefulness of a good deal of the board's work might disappear. I could tell my hon. friend this, that even on Thursday officers of the board were in almost continuous consultation with officers of other departments considering the situation and working towards the end that the Prime Minister achieved. On Friday the office in Washington was kept continually manned with ticker services from various directions, and possibly the first word to reach Ottawa of the American communiques from Algiers and the Pentagon building were sent in from Washington. Then the statement of the Prime Minister was sent back to Washington and was given very early and favourable attention in the American press.

DOUKHOBORS

POWERS OF POLICE TO ARREST FOR DISREGARDING NOTICE OF ALTERNATIVE SERVICE

On the orders of the day:

Hon. GROTE STIRLING (Yale): May I ask the Minister of Justice if he has delivered a ruling on the question whether a police officer has authority to direct a Doukhobor bodily to report if such Doukhobor has ignored his notice for alternative service, or is it necessary for a court order to be first obtained?

Hon. L. S. ST. LAURENT (Minister of Justice): I will make inquiries and find out if any opinion has been given by the Department of Justice, and if one has been given whether it is in such form that it can be tabled here.

TRANSFER OF LANDS

MEASURE TO CONFIRM TRANSFER TO ONTARIO AND QUEBEC EFFECTED BY ORDER IN COUNCIL

Hon. L. S. ST. LAURENT (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to confirm the transfer of certain lands to Ontario and Quebec effected by order in council of the 26th day of January, 1943.

Motion agreed to and the house went into committee, Mr. Bradette in the chair.

Mr. GRAYDON: I am not sure whether the minister has given any explanation of the object of this resolution, or any statement of the principle of the bill to be founded upon it. I think this is the appropriate time for a short statement from the minister.

Mr. ST. LAURENT: Mr. Chairman, I think before making a statement I should table a bill of the legislature of Ontario assented to on February 19, 1943, and a bill of the legislature of Quebec assented to on May 20, 1943, both dealing with the ratification of an agreement made between these two provinces and dated January 2, 1943.

Mr. HANSON (York-Sunbury): Will the minister also table the order in council referred to in the resolution?

Mr. ST. LAURENT: The order in council has already been tabled, and copies of it are printed as annexes to the bills of the two provincial legislatures. For the convenience of members of the committee who may be interested I have secured additional copies of these bills and I will now make them available to hon. members, a certain number of them having been made available to me by the clerk of the Ontario legislature and likewise by the clerk of the Quebec legislature.

To state very shortly what is involved, the resolution refers to water powers on the Ottawa river. The Ottawa river, as all hon. members know, is interprovincial. There have been developments on that river but there are still available water powers susceptible of developing as much as 900,000 horse-power. Those powers could not be developed without an agreement between the provinces. The Ottawa river is regarded as a navigable river, and the extent of the private rights in the Ottawa river depends, of course, on the respective laws of Ontario on the one side and of Quebec on the other. The Ontario government was desirous of developing additional water powers on the upper reaches of the Ottawa river, and the governments of the two provinces came to the conclusion that it would be more practical if they made an exchange of their respective rights so that one province would have the whole of the water powers at one point and the other province the whole of the water powers at the other point. They could then set about developing their respective properties in the manner which would suit the requirements and convenience of the people of their respective provinces.

Mr. GRAYDON: There are five power sites involved?

Mr. ST. LAURENT: There are five power sites involved, and the arrangement they arrived at was that Carillon, which is the one lowest down, Rocher-Fendu, which is the third, and one-half of Paquette, would go to the province of Quebec, and that Chenaux, which is between Carillon and Rocher-Fendu, would go to Ontario, and that the two upper sites, Des Joachims and Cave and Fourneaux, also go to Ontario.

Mr. HANSON (York-Sunbury): The effect of that would be to alter somewhat the interprovincial boundaries?

Mr. ST. LAURENT: No, not to alter the interprovincial boundaries but to alter the property rights vested in the crown in the right of each respective province. The arrangements do not provide for permanent grants; they are very long-term leases.

Mr. GRAYDON: That, I think, raises one of the principal points in connection with the proposed legislation. There are those who believe that this is a device, though I do not use the word in an offensive way, by which the boundaries of two provinces are being changed, not by an exchange of deed of land, but nevertheless on an extremely long-term lease which actually has the same effect in the end as an exchange of properties, and by virtue of that it is an alteration in the actual boundary lines between the provinces. The point involved, which the minister will see very quickly, is that to set such a precedent goes to the root of the British North America Act; for I think it is generally understood that provinces by agreement cannot alter the boundary lines set by the British North America Act, which is a statute of the parliament of the United Kingdom. Whether or not the government has succeeded by virtue of a device with respect to a long-term lease in avoiding the constitutional point which would be raised were deeds to be given and the boundary line thereby changed, constitutes

one of the main constitutional legal points which this legislation raises. I should like the Minister of Justice to give his views about it, because it is in the minds of many people at the moment.

Mr. ST. LAURENT: I do not think the discussion of the point requires any very long debate. The bill before this house would not have been necessary at all had there not been some proprietary rights of the dominion in connection with one or other or several of these sites. The agreement between the provinces purports to vest on the one hand in the Quebec streams commission and on the other hand in the Ontario hydro certain leasehold rights. The Ontario hydro can come into Quebec and acquire leasehold rights without affecting in any way the territorial boundaries of Quebec, and the Quebec streams commission can likewise acquire in Ontario leasehold rights without that having any effect upon the boundaries of the two provinces.

Mr. HANSON (York-Sunbury): They are both corporations.

Mr. ST. LAURENT: They are both corporations acting and holding for the crown in the respective areas of the two provinces. But that would no more alter the boundaries of the provinces than if the Ontario hydro were acquiring a farm to raise produce to feed the employees attending one of its undertakings. The arrangement between these two provinces would have been made without any reference to the federal government at all had it not been that the government of the united Canadas prior to confederation had made some improvements to assist in navigation and in the floating of logs, and by virtue of the distribution of proprietary rights at confederation retained such improvements as had been made for that purpose. Hon. members will recall that a few years ago there was a reference to the supreme court to determine which government would own water powers which might be improved or increased or made available by the existence of these federal improvements, and the court, following opinions which had been expressed by the privy council, was very guarded in its language and it is not easy to find any definite pronouncement in that regard in the judgment which was rendered.

Mr. HANSON (York-Sunbury): Was that a reference?

Mr. ST. LAURENT: That was a reference to the supreme court.

Mr. HANSON (York-Sunbury): Therefore it was rather ineffective.

[Mr. Graydon.]

Mr. ST. LAURENT: There was no concrete case involved. The court, in a learned discussion of the old law, refrained from making a pronouncement which would have any concrete effect on any specific water-power.

Mr. HANSON (York-Sunbury): My recollection is that the effect of the judgment was practically nil.

Mr. ST. LAURENT: I think it might be put in this way: the dominion asserted, through counsel representing it before the supreme court, that it had proprietary rights in water powers, and the court refused to accept the view put forward by the dominion government.

Mr. HANSON (York-Sunbury): One other question. As I appreciate the situation on these interprovincial streams, the minister stated that the river is declared to be a navigable river; therefore we have a substantial interest under that question of navigation. What is the position with respect to that in this matter? Is there any interference or anything of the kind?

Mr. ST. LAURENT: No. The agreements all provide that all these plans will have to be submitted for examination and approval under the Navigable Waters Protection Act. Nothing can be done without the detailed plans being submitted and the usual undertakings being made. The plans will not be approved, of course, if they provide for any interference contrary to public interest with navigation at the time they are submitted. There is also an undertaking on the part of those who submit plans for approval that if in the future conditions should arise where public interest would require modifications to be made, the owner of the works will have to make them.

This legislation does not envisage the Quebec streams commission on the one hand and the Ontario hydro on the other as anything more than companies, corporations, and the reason for the legislation is that the Dominion has certain proprietary rights, not the same on the two sides. Under Quebec laws, as hon. members know, along navigable waters the riparian rights stop at the high water mark, whilst I understand that under the common law it is at least contended that even in navigable streams they may extend out to mid-stream.

Mr. HANSON (York-Sunbury): Yes. It depends somewhat on the original grants.

Mr. ST. LAURENT: The federal government did own some portion of the shores along these various stretches of river which would be affected by the development of the water powers.

Mr. HANSON (York-Sunbury): That is at Carillon.

Mr. ST. LAURENT: At Carillon and also above Des Joachims; and the developments could not prudently be made without acquiring these shore rights.

Mr. HANSON (York-Sunbury): In other words, the federal government has a proprietary interest in part of these power sites.

Mr. ST. LAURENT: Possibly in a small part of the Carillon power site; probably not in any other of the power sites, though it may have shore property.

Mr. HANSON (York-Sunbury): Flowage rights.

Mr. ST. LAURENT: Yes. The companies or corporation, or commissions, whatever they may be, to make the development would have to acquire these rights from individuals by mutual arrangement or by expropriation proceedings. They could not expropriate against the dominion government, the federal crown, and the arrangement that was made was that the federal government would cede to them such riparian rights, flowage rights, or whatever it may be, as would be necessary for the execution of development work. The view was taken that the people of Canada whether inhabitants of one province or another, were Canadians and that if this was something that constituted a valuable natural resource it was in the interests of the Canadian people that it be developed and used when there was need for the power that could be produced, and that it would not be proper for the dominion government to take an attitude that would prevent the use of these water powers in the interests of the public generally when the proper time arrived for development.

Mr. HANSON (York-Sunbury): In other words, we could not adopt a dog-in-the-manger attitude—

Mr. ST. LAURENT: No.

Mr. HANSON (York-Sunbury): —and say, "You cannot appropriate against us"; that would retard development. When the minister uses the word "cede" does he mean give, or are they to pay?

Mr. ST. LAURENT: No; they are transferred. They are not properties of considerable value outside of their, shall I say nuisance value in connection with the development of water power.

Mr. HANSON (York-Sunbury): Have they no strategic value?

Mr. ST. LAURENT: No strategic value for purposes of defence.

Mr. HANSON (York-Sunbury): I mean, for the purpose of water power. I do not know the situation; I am just asking.

Mr. ST. LAURENT: The hon. member, as a lawyer advising a corporation, would say, "Well now, don't attempt to go ahead until you get that; it is something without which you would not have the kind of title I would recommend for a bond issue."

Mr. POTTIER: It might be valuable.

Mr. HANSON (York-Sunbury): It is valuable.

Mr. ST. LAURENT: How that kind of value can be measured it is very difficult to determine, as was shown in the famous Cedar Rapids case, which was for years before the courts and went twice to the privy council.

Mr. HANSON (York-Sunbury): The value is the value to the owner, not to the taker.

Mr. ST. LAURENT: The value to the owner is something very difficult to measure, but under these conditions we thought it would not be proper for the dominion government to be very particular about that. At the time this was done the provision of additional power was looked upon as of considerable interest to the war effort of the country; the Ontario hydro was prepared to make an investment which it was estimated might run into $40,000,000 to provide power, and perhaps the few hundreds or thousands of dollars that might have been established as value to the owner of these rights was not looked upon as a consideration that should stand in the way at all; after all the federal and provincial purses were all purses of the people of Canada, so that it was not very important to have any exact figure assessed. What was arranged was that in order to facilitate this exchange between the two provinces, and to allow each to have control of a certain portion of the sites, the federal government should abandon such rights as it might have.

Mr. HANSON (York-Sunbury): The question of joint development was not considered, or not agreed upon?

Mr. ST. LAURENT: It was found that because of the difference in the situation between the two provinces the interests were not similar. Quebec at the present time does not consider that it is in its interests to develop any more water powers.

Mr. HANSON (York-Sunbury): After Arvida or Shipshaw you have quite a surplus.

Mr. ST. LAURENT: After the war we shall have quite a surplus there, and there is always development on the St. Lawrence. That is looked upon as a possibility, and if that were done it would provide such an enormous block of power that it would not be of practical advantage to have these other sites developed now.

Mr. McDONALD (Pontiac): And there is the location of the power.

Mr. ST. LAURENT: Ontario did feel that it would suit the conveniences of its public and of its commission to develop these upper sites of the Ottawa immediately.

Mr. MacNICOL: May I ask a question in reference to the development of the Ottawa river? The federal government apparently has nothing to do with the development of electricity, but it has to do with everything pertaining to navigation.

Mr. HANSON (York-Sunbury): Yes.

Mr. MacNICOL: Perhaps not in this generation, but in some other generation in the future, I have no doubt the Ottawa river will be a great commercial highway. In the construction of these dams that are to be erected by the Ontario hydro commission, does the federal government intend at this time to see to it that some provision is made for future locks in these dams, or is any consideration being given to the future levels of the river so far as navigation is concerned?

Mr. ST. LAURENT: All I can say is that these questions have not yet arisen, and they will arise under the Navigable Waters Protection Act when the plans are drawn and submitted for approval.

Mr. MacNICOL: They would have to be approved?

Mr. ST. LAURENT: They will have to be approved by the federal government before they can be carried out. They have to submit detailed plans of what is to be constructed in a navigable stream; they cannot place any obstruction in a navigable stream without prior approval of the project by the governor in council, and the governor in council can stipulate all such facilities as appear to be necessary.

Mr. MacNICOL: I do not know at the moment, perhaps the minister knows, whether in the construction of the Chats dam up the Ottawa river any consideration is being given to future navigation facilities at that dam.

Mr. ST. LAURENT: No. I think the only thing that is provided there is log slides for the floating of timber. I do not think any provision has been made there for a lock that would lift a boat.

Mr. HANSON (York-Sunbury): Were any private interests involved in the upper Ottawa, and how are they being dealt with?

Mr. ST. LAURENT: I do not know that there were private interests involved in the upper Ottawa. There was a private interest at Carillon, for which express provision is being made.

Mr. HANSON (York-Sunbury): Protection is given to private rights?

Mr. ST. LAURENT: Oh, yes; full protection is given to private rights, and if there are any private rights in the upper regions they will have to be acquired by the Ontario hydro.

Resolution reported, read the second time and concurred in. Mr. St. Laurent thereupon moved for leave to introduce Bill No. 133, to confirm the transfer of certain lands to Ontario and Quebec.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall said bill be read a second time?

Mr. GRAYDON: We have not seen the bill yet, and of course we cannot give second reading to a bill we have not seen.

Mr. SPEAKER: Next sitting of the house.

[*Later:*]

Hon. L. S. ST. LAURENT (Minister of Justice): When the bill to confirm the transfer of certain lands to Ontario and Quebec was read the first time this morning, it was ordered to be read a second time at the next sitting, and the leader of the opposition (Mr. Graydon) suggested that after it had been distributed and hon. members had had an opportunity of seeing it, it might be taken up later in the day. If that is agreeable I would move:

That the order made this day for the second reading of Bill No. 133, an act to confirm the transfer of certain lands to Ontario and Quebec, at the next sitting, be discharged, and that the bill be now read a second time.

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

Schedule agreed to.

Section 1 agreed to.

On the preamble.

Mr. GRAYDON: The preamble is incomplete and should not be passed as it is. The

bill as presented to the committee left in blank line 10 where "20th" and "May" should be inserted. In order that the committee's procedure may be perfectly regular, an amendment should be made to the preamble.

Mr. ST. LAURENT: It was my intention that the bill as distributed should be amended by inserting in the blanks in line 10 the words "20th" and "May".

Mr. MICHAUD: I move accordingly.

Mr. GRAYDON: May I say, Mr. Chairman, that I think we must regularize this. I dislike rising from time to time on petty technicalities, but the amendment as proposed means absolutely nothing so far as the preamble is concerned. What the minister must do, I think, is first of all indicate the words which are to be inserted and the words immediately preceding the insertion in each case, and the words immediately following, otherwise the amendment does not mean anything.

Mr. MICHAUD: I move:

That the preamble of Bill No. 133, an act to confirm the transfer of certain lands to Ontario and Quebec, be amended by inserting on page 1, line 10, after the words "assented to on the" the word "20th" and after the words "day of" the word "May".

Amendment agreed to.

Preamble as amended agreed to.

Bill reported, read the third time and passed.

CANADA EVIDENCE ACT

AMENDMENT WITH RESPECT TO TAKING OF AFFIDAVITS ABROAD

Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of bill No. 74, to amend the Canada Evidence Act.

Hon. R. B. HANSON (York-Sunbury): I read this bill some weeks ago, and if I remember correctly its effect is to extend the principle of the secondary evidence rule, in a degree, in regard to certain oaths taken abroad and that sort of thing. Is this a practice that has existed in the provinces? I understand it has been adopted in the province of Quebec, but have any other provinces adopted it?

Mr. ST. LAURENT: I had inquiries made in that regard. In the province of Quebec it is article 1220 of the civil code. In British Columbia it is chapter 90 of the revised statutes of 1936, the Evidence Act. In Alberta it is chapter 87 of the revised statutes of 1922, the Evidence Act. In Saskatchewan it is chapter 67 of the revised statutes of 1940, the Witnesses and Evidence Act. In Manitoba it is chapter 65 of the revised statutes of 1940, the Evidence Act. In Ontario it is chapter 119 of the revised statutes of 1937, the Evidence Act. In Nova Scotia it is chapter 225 of the revised statutes of 1923, the Witnesses and Evidence Act. In New Brunswick it is chapter 167 of the revised statutes of 1927, the Registry Act. In Prince Edward Island it is chapter 2 of the statutes of 1939, the Affidavits Act.

Mr. HANSON (York-Sunbury): This is an extension of the principle—

Mr. ST. LAURENT: I submit to the hon. member that it is not an extension of the principle; it is an addition to the number of officers abroad who would be entitled to take the affidavits that could be used. It is to enable the representatives of Canada abroad to take these affidavits with the same effect as though they were taken before the British ambassador.

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to ask two questions arising out of that explanation. In the first place I think this is the first bill I have seen for a long time with no explanatory note attached to it, and when the bill was introduced I wondered at the omission of the customary explanatory note, which is a very important matter to hon. members generally in dealing with legislation. Obviously for some considerable time the situation which this bill purports to rectify must have been well known to the government. What actually has been done in foreign countries with respect to the taking of oaths, affidavits, declarations and so on? Was all this work done by one or two principal officials in those countries, and is it the intention of this bill to increase the number who will be allowed to exercise that power and authority as envisaged by the legislation?

Mr. ST. LAURENT: No. Prior to this the affidavits in practice were taken by the officials for whom this bill makes provision; but there is this difference. The provisions of the provincial statutes only apply to matters governed by provincial legislation. It sometimes happens that in the same case the Canada Evidence Act might be applicable to one portion of the litigation while provincial legislation would be applicable to another portion. This is merely to add to the Canada Evidence Act a provision in connection with the same officials who come under the various provincial acts, so that no question may arise on an affidavit as to whether the provincial act or the Canada Evidence Act applies. Under this an affidavit will be in such form that it will be immaterial whether the provincial act or the Canada Evidence Act applies to its validity.

Mr. GRAYDON: The minister did not answer the other question I raised.

Mr. SPEAKER: Order. This motion is for second reading. Perhaps these questions could be asked in committee. Is it the pleasure of the house to adopt the motion?

Mr. NEILL: No, Mr. Speaker; I rise to a point of order. I have a painful recollection of this point in connection with the lack of an explanatory note being raised against me some years ago, by the predecessor of the present minister and others. At that time my bill was thrown out because it lacked this explanatory note, and it was far more important than this bill is.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. NEILL: No, Mr. Speaker. I rose to a point of order, and my point is that the bill cannot be introduced while it lacks an explanatory note. At that time the government had eight bills on the order paper, all of which had to be withdrawn and reintroduced. The principle involved at that time was that what was sauce for the goose was sauce for the gander; I am sure hon. members will recall the situation.

Mr. SPEAKER: The motion is for second reading of the bill.

Mr. NEILL: I was told definitely that the motion for second reading was exactly the point at which I should have taken this objection. I had let the matter go a little beyond that, and for that reason my objection was ruled out. However, my bill was ruled out of order on the motion for second reading because it lacked an explanatory note. At that time the government had eight bills on the order paper which also lacked explanatory notes. My bill was of such a character that no explanation was required; for it simply struck out a section and reinserted it, and it was not possible to put in any explanation. However, my bill was thrown out on that ground. The next day, or a few days later, I raised an objection to one of the government bills and the reply was that I should have made my objection on the motion for second reading, so that my protest was thrown out. But I noticed that the government withdrew the eight bills and then reintroduced them. I do not want to press the point unduly, or unnecessarily delay the house, but the principle should be acknowledged that if it is good on one occasion it is good on another. It is definitely stated that these bills must have an explanation.

Mr. ST. LAURENT: Would the hon. member be so kind as to direct my attention to the rule which so states?

Mr. NEILL: I am sorry to say I do not carry all the rules in my head. This occurred in 1938; I believe the bill I introduced was No. 11, making certain amendments in connection with Japanese immigration. The Prime Minister raised a point of order, that my bill lacked an explanatory note. I gave the explanation I have just given here, that no explanation was required, because the whole thing was so obvious; a whole section was struck out and another section inserted, and the explanation was self-evident. However, the Speaker of the day ruled that it was out of order, so that my bill fell by the wayside, though I later introduced it with the required amendment. A few days later I raised the same objection on some government measures, and I was ruled out of order, because I had not taken the point of order on second reading. Thereafter the government withdrew their eight bills and introduced them, with the lacking explanation.

Mr. HANSON (York-Sunbury): And the hon. member has waited for an opportunity ever since.

Mr. NEILL: I have.

Mr. HANSON (York-Sunbury): Perhaps it can be waived on this occasion, so long as the majesty of the law has been vindicated by its assertion.

Mr. ST. LAURENT: The rules relating to the preparation of bills are stated at pages 356 and 357 of Doctor Beauchesne's book as follows:

> The rules of the House of Commons as to the preparation and printing of bills, adopted 14th June, 1923, must be followed by all departments. They are as follows:
>
> 1. In the preparation of bills amending existing enactments the amendments shall not ordinarily be made by clauses which add or leave out words or substitute words for others, but by clauses which reenact the section, subsection or other minor division, as it is amended.
>
> 2. In the text of the bill, on the left hand page, new matter shall be indicated by such typographical means as may best suit the varying circumstances of each case, such as brackets, italics, underlining, asterisks, etc. Opposite each clause, on the right hand page, the enactment amended thereby, or so much thereof as is essential, shall be printed with the proposed changes to be made therein similarly indicated.
>
> 3. When a clause repeals an existing section, subsection or other minor division of a section, that section, subsection or division, or so much thereof as is essential, shall be printed opposite the clause.
>
> 4. A memorandum by the draftsman explaining briefly the reasons for each clause, shall be

appended to the bill, or distributed therewith. Whenever practicable the memorandum shall be printed on the right hand page of the bill, in paragraphs opposite the clauses referred to and numbered correspondingly.

Mr. NEILL: That is the rule.

Mr. ST. LAURENT:

5. The above rules shall also as far as practicable apply to the reprinting of bills.

Mr. HANSON (York-Sunbury): It is merely a rule of convenience.

Mr. ST. LAURENT: It is, no doubt, the fourth paragraph the hon. member has in mind, where it states:

A memorandum by the draftsman explaining briefly the reasons for each clause, shall be appended to the bill, or distributed therewith.

It is clearly a rule of convenience. In this instance I have endeavoured to give explanations to the house. It does not change any existing text. It is new matter, and self-explanatory. Any explanation would simply be saying the same thing in other words. The text itself enumerates those before whom affidavits may be made. I believe there can be no other explanation than that.

Mr. STIRLING: There could not on the other occasion, either.

Mr. ST. LAURENT: I was not here at that time, and I should not like to take personal responsibility for the objections which may have been taken then.

Mr. HANSON (York-Sunbury): Speaking to the point of order, I think the rule may perhaps be read as mandatory. But, after all, it is merely a rule of convenience, so that hon. members may be able to learn what a bill is about. I believe the hon. member for Comox-Alberni (Mr. Neill) was strictly right in the position he took. But, having vindicated his position, perhaps he would waive his objection, so that we can get on with the bill.

Mr. REID: On the point of order, I believe the house will gladly waive the printing of the explanatory notes. But the principle should be laid down that there cannot be two rulings. A ruling was definitely given against the hon. member for Comox-Alberni and, Mr. Speaker, if your ruling is to the effect that the present procedure is the proper one I suggest you are setting up a new precedent. In such event your ruling would be in contradiction of the ruling given a few years ago. I raise this question of principle because it seems to me that at times it is like asking advice from officers of the crown. You can get from officers of the crown any advice the government wants. I have spoken on the point of order to support the hon. member for Comox-Alberni.

Mr. ST. LAURENT: I do not think I can let the hon. member's statement go unchallenged by the Department of Justice, if he purports to include the Department of Justice in the expression "officers of the crown".

Mr. REID: I wish to make no reflection upon the Minister of Justice, or any minister of justice. But I believe it is generally understood at least by laymen—and I shall leave the lawyers out of it; sometimes laymen see more clearly in matters of justice or matters of law—that when the government want information from the crown they generally get the information they ask for. I shall leave it at that.

Mr. NEILL: May I express my willingness to waive the point of order I have taken, because, as the hon. member for York-Sunbury has said, justice has been vindicated by my having drawn attention to it.

Mr. SPEAKER: Might I point out to the member for New Westminster (Mr. Reid) that I had not ruled upon the point of order. All I had done was to say that we were dealing with the motion for second reading. Then the point of order was raised by the hon. member for Comox-Alberni, and he was entirely correct in raising it. Having waived it, the question now before the house is: Is it the pleasure of the house to adopt the motion?

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

On section 1—Application of part III.

Mr. HANSON (York-Sunbury): Mr. Chairman, it is some time since I looked at the Canada Evidence Act, but I would gather that as it stands to-day we have no provision in it such as is contained under the caption "Part III" in the bill.

Mr. ST. LAURENT (Minister of Justice): No; the Canada Evidence Act stops at section 46.

Mr. HANSON (York-Sunbury): And does not cover this particular precedure.

Mr. ST. LAURENT: No, not at all.

Mr. HANSON (York-Sunbury): I suggest that the variety of classes of officers mentioned in paragraph (a) is exceedingly wide. It covers ambassadors, envoys, ministers, charges d'affaires, counsellors, secretaries, attaches, and some others. I cannot conceive

that an attache would be a proper officer to take these affidavits. He might be a sailor or an airman, for instance. Then it refers to consuls general, consuls, vice-consuls and pro-consuls and consular agents. I should think they would be very properly included, because they take affidavits under other statutes. I believe acting consuls general might be included in the same category. I cannot however understand why attaches should be included. Would it be wise to include them?

Mr. ST. LAURENT: Attaches in legations are high ranking officers.

Mr. HANSON (York-Sunbury): But have they any legal training. A consul general is a man who is always dealing with legal documents, but a military attache, for instance, would not be in that category at all. That is the only objection I can see to it.

Mr. ST. LAURENT: The only function they have to perform is to hand the Bible or the New Testament to the person.

Mr. HANSON (York-Sunbury): They have to sign the jurat. I do not know whether they are as technical in the courts of Quebec as they are in my province, but any alteration in the jurat which is not properly attested to is inadmissible as evidence. I am not going to press the point. My purpose has been served by bringing this matter to the attention of the minister but I do think he should delete the word "attaches". In line 27 of paragraph (c) appear the words, "His Majesty's dominions outside of Canada." Does the word "dominions" include crown colonies, or is it used in its technical sense and meant to refer only to dominions such as Canada or Australia? I would assume that it is all-inclusive.

Mr. ST. LAURENT: That is what is intended.

Mr. HANSON (York-Sunbury): What does the minister think of my objection to the word "attaches"?

Mr. ST. LAURENT: I have no personal experience in the administration of these offices, but the attaches are quite high ranking officials. This is for the convenience of those who must have affidavits taken. If they had to wait until the ranking member of the office was free, it would take more time. If there is more than one person who can do the thing that is required, it will be more convenient for the person who requires it done. I have no other reason for urging that it remain. They are officers of equal rank to the first, second or third secretaries, and it would be more convenient if all those who are entitled to be left in charge could receive affidavits. If anyone were left out it would be proper that the chief of the office should not leave the office in his care because it would be inconvenient if he were not able to do one of the things that might be required to be done.

Section agreed to.

Bill reported, read the third time and passed.

EXCHEQUER COURT ACT

ACTIONS BY OR AGAINST THE CROWN—STATUS OF MEMBERS OF ARMED FORCES

Hon. L. S. ST. LAURENT (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Exchequer Court Act to provide that for the purpose of determining liability in any action or other proceeding by or against His Majesty, a person who was at any time since the twenty-fourth day of June, one thousand nine hundred and thirty-eight, a member of the naval, military or air forces of His Majesty in right of Canada shall be deemed to have been at such time a servant of the crown.

Mr. HANSON (York-Sunbury): Will the minister state what the scope of the bill will be?

Mr. ST. LAURENT: The scope of the bill will be only as set out in the resolution.

Motion agreed to and the house went into committee, Mr. Bradette in the chair.

Mr. HANSON (York-Sunbury): This resolution arises out of a decision of the exchequer court in the King v. McArthur which reaffirmed the principle that a member of the naval, military or air forces of his majesty, being an enlisted man, was not a servant of the crown in the sense of the Exchequer Court Act. I think this legislation is a measure of justice, but it does not go quite far enough. I have no quarrel on legal grounds with the decision in the King v. McArthur, because I think it is based on the English decisions, and I believe also there have been one or two Canadian decisions. My point is that the right to sue the crown is still being limited to actions in the exchequer court.

I suggest that the day has arrived in Canada at least, if not elsewhere, when consideration —I shall limit it to that—should be given to providing for the subject the right to sue the crown in any provincial court. I recall the reasons why this has been limited heretofore to the exchequer court. One of them is that it prevents fictitious or small claims being

raised against the crown through the necessity of having to go to the exchequer court and having to obtain a fiat before the crown can be sued. We are living in a changing world. To-day the crown is engaged in big business. To-day the crown is spending in its activities, including of course the armed forces, over half the national income. Never in the history of the nation has the crown been so much engaged in business as it is to-day, and not in the business of government alone. The crown is engaged in commercial business through various channels and organizations and agencies and commissions. I think the time has come when the right should be granted to the subject of his majesty, resident in Canada, to sue the crown in any court of competent jurisdiction based upon the domicile or residence of the claimant. Vice versa, the crown should have the right if it so wishes to sue the subject in any of these courts. I put this on the ground of changing operations of our national economy. There was a time when you could not sue the crown at all, and there are certain provinces which still deny to the subject the right to sue the crown. I think in my own province, unless the law has been altered within recent months, there is no opportunity of suing the government of New Brunswick on any ground, contractual or in tort, and that is very often a denial of justice. What does a man have to do? He has to go with his hat in his hand to the government of the day in the province of New Brunswick and get redress *ex gratia*, not as a matter of right. That is an intolerable situation. As my hon. friend the member for Rosedale remarks, it is a relic of the feudal system. We have in Canada a better system. We have a petition of right. But even there a man is not always certain that he will be able to get his case before an independent court. He has to run the gauntlet, we will say, of the Minister of Justice. I am bound to say that I have never known of a case, and I have had a good many cases in days gone by considering the limited practice I had, where, if one were able to make out a prima facie case, a fiat was refused. But there has been such delay, at times, and expense. You have to employ an agent in Ottawa and brief him with the facts if there is any dispute about the matter, and it is a costly system, a cumbersome system.

I am making a plea here and now for a change in the system so as to put the crown which now is developing into such a big business manager in the same category as the subject. The days of the feudal system are over; the days when the crown can be said to do no wrong are long since past. The crown is often through its servants guilty of malfeasance and of non-feasance, and why should it not be subject to the jurisdiction of the provincial courts? Surely it cannot be that the crown would not get justice in the provincial courts, especially in this day when trial by jury of civil actions in the provincial courts has been very largely abolished by statute. I hold quite strong views on this subject, and I am stating them now in the hope that those charged with authority will give some consideration to them. I should like to have an expression of opinion from the membership of this house, especially those who belong to the legal profession.

I have in mind the case of a widow whose husband was killed through the allegedly gross negligence of an army truck driver. I have been endeavouring to obtain through certain departments of the government an explanation of the facts, what the inquiry disclosed, in order to permit the widow to get redress. I am not going into the details of the case, but if that woman has a cause of action, what redress will she have? I do not think she can ever bring action in the exchequer court. She has to depend on the good will, shall we say, of the authorities here in Ottawa if she can show that she has suffered the loss of her support by reason of the negligence of a servant of the crown. If this bill passes she has to go to the Exchequer Court of Canada to assert her rights. I suggest to the membership of this house that in this enlightened day and generation that is not good enough. She should be allowed to sue in the courts of her own province and have the case tried at the most convenient point in the county in which she lives. Anybody who has had anything to do with trials in the exchequer court knows that in the provinces the court sits once a year—oftener, I assume, if there is any quantity of litigation, but as a rule in New Brunswick it sits once a year, and if you start your action after the last session of court you have to wait a year for it to be tried. I could go on and argue this at great length and support the argument with cogent reasons, but I do not propose to delay the committee further. I hope that consideration will be given to the matter now, because it is important. It is a matter of justice to the subjects of His Majesty in Canada who may have a cause of action against the crown.

I think this bill is a matter of justice—that is, justice in the abstract. I am going to support the bill. The matter is already covered I think by order in council, but this

will make it part of the permanent substantive law of the country and it can be repealed only by act of parliament. I am sorry there are not more members of the legal profession here to-day, because I should like to hear their views. As for me, I have no manner of doubt at all, having regard to the multiplicity of activities in which the crown is engaged to-day outside of war altogether but due to the war, that the crown should be made liable for actions in tort for negligence on the part of its servants and in actions *ex contractu* and be answerable in a court of competent jurisdiction in the province in which the complainant resides.

Mr. HAZEN: I think the Minister of Justice is to be commended for introducing this bill to amend the Exchequer Court Act. When it becomes law, claims against the crown for death or injury to the person or for damages to property caused by the negligence of a member of the armed forces can be adjudicated by our courts.

There are one or two other amendments which in my opinion should be made to the Exchequer Court Act. One is the amendment which has been suggested by the hon. member for York-Sunbury. The crown can go into any of the provinces of the dominion and start an action against a citizen in any of our courts, and there is no reason why the citizens of any province should not be in a similar position. It seems to me that a citizen of any of our provinces should have the right to commence an action against the crown in any court of the province having jurisdiction in civil actions.

There is one other amendment to the act which I think should be made. The exchequer court was created by an act which came into force on October 30, 1887. Section 19 of that act provides that the court shall have exclusive original jurisdiction to hear and determine certain matters therein set out. Then follow a number of clauses setting forth the nature of the claims that can be adjudicated.

To quote from the judgment of Mr. Justice Newcombe in the case of the Canadian National Railways v. St. John Motor Line Limited (1930), 72, S.C.R., p.488:

> These clauses must be read in the light of the decisions, of which the earlier leading examples are mentioned in the case of Ryder versus The King; and by these and the later authorities it is well established in this court that not only does the Exchequer Court acquire jurisdiction to adjudicate the classes of claims above described, but also that in such cases liability is imposed upon the crown to respond in damages for the negligence of its officers or servants where, in the like circumstances, such a liability would rest upon a subject corporation or individual—

Here are the important words:

> —according to the law of the province in which the claim arose, as that law existed at the time when the Exchequer Court Act began to operate.

The exchequer court began to operate in 1887. Or, to put the matter in other words, when an action is brought for any of the claims enumerated under section 19, "liability was to be determined by the general laws of the several provinces in force at the time such liability was imposed," to quote the words of Mr. Justice, afterwards Chief Justice, Davies, in Armstrong v. the King (1908) 40 Can. S.C.R., 229.

The law of negligence in some of the provinces has been changed in more than one important particular since the year 1887, when the exchequer court came into being. In 1887 in all the provinces in which the common law prevailed a person could not succeed in an action for damages based on negligence if it was proved that he had in any degree contributed to the accident, or perhaps it would be better to say, if he was guilty of contributory negligence. To-day this principle has ceased to be law in several of the provinces. The admiralty rule that in such cases the damages were in proportion to the degree that the parties to the action were at fault has replaced the common law rule.

Again, in 1887 a person was entitled to damages if while being driven as a guest or invitee he suffered injuries through the negligence of his host. In many of the provinces to-day, under our motor vehicles acts, we have what is known as the guest rule, which provides that a person who has accepted an invitation to be driven in an automobile cannot obtain damages for the injuries he sustains through the negligence of the owner of the vehicle or his servant. Neither of these laws is recognized by the Exchequer Court of Canada because they were not in force in 1887.

A resident of one of the provinces where these statutes are in force—let us say New Brunswick—brings an action in the exchequer court against the crown under section 19 of the act. The plaintiff claims he is entitled to damages because the law of the province in which he lives provides that under the state of facts that he can prove he is entitled to damages. The court says no, that does not necessarily follow; it is not what the law is in your province to-day that matters, but what matters is what the law in your province was in 1887.

The law of the province should govern in such cases. It is unsatisfactory for a citizen in any province to learn that the law of his province does not necessarily apply to actions which are brought by him in the exchequer court.

I feel very strongly that the Exchequer Court Act should be amended to provide that the provincial acts, such as the Contributory Negligence Act and the provisions of the motor vehicles acts respecting guests who are driven in cars, should be binding on the exchequer court, and I would ask the minister if he will not give that matter some consideration, discuss it with the officials of his department, and perhaps with the judges of the exchequer court as well.

It is an extraordinary situation, it seems to me, as I have said, that after a person brings an action for negligence in the exchequer court and states that under a certain set of facts he is entitled in his province to damages, the exchequer court says no, you are not entitled to damages because in 1887 the law of your province was not as it is to-day, or, because the law of your province was different. I submit that that is a wholly unsatisfactory state of affairs.

Mr. HANSON (York-Sunbury): Anomalous.

Mr. HAZEN: Yes, it is an anomalous state of affairs.

I was going to speak about the matter which the hon. member for York-Sunbury brought up, that the subject should have the right to sue the crown not only in the exchequer court but in any other court of Canada. I think that steps should be taken to have an amendment or amendments made to enable that to be done.

Mr. POTTIER: I wish briefly to support the hon. member for York-Sunbury in his representation to the minister that consideration be given to having the Exchequer Court Act amended or power given to our various provincial courts, according to their jurisdiction, to try actions against the crown. I agree with the hon. member for York-Sunbury that the time is coming when we shall have to give these conveniences to the Canadian public. We are developing to the extent that we should leave behind this idea of having to come to Ottawa, go through a long procedure, issue a petition of right, and get the consent of the Minister of Justice to start an action. We should be more realistic.

I am glad also that this particular resolution has been brought in by the Minister of Justice. I think it is due and proper.

Mr. GREEN: I should like to endorse the stand taken by the hon. member for York-Sunbury and the hon. member for St. John-Albert. I hope the Minister of Justice will explain fully to the committee why it is that provision has not been made along the lines they suggest. If our courts are to serve the public it is high time that these changes were made; and certainly it is very inconvenient that people living in the distant provinces can sue only in the exchequer court. It hits us particularly hard. I do suggest that provision be made for suing in our provincial courts.

Mr. HANSON (York-Sunbury): I should like to urge upon the minister that the two matters referred to, first, by myself and more particularly the point raised by the hon. member for St. John-Albert are reforms that are long overdue. I am glad the hon. member for St. John-Albert brought up that point. It escaped my attention. I am pleased that he has made such a lucid exposition of the point. It is an anomalous situation that while jurisdiction is given under a statute to entertain an action, the statute creating the jurisdiction is so rigid that it fastens the claimant to the legal position as at the date of the passing of the legislation. It has neither flexibility nor regard to the changing conditions and the changing state of the law. I think the hon. member for St. John-Albert is to be congratulated upon raising that point, and in my opinion it is really of more primary fundamental importance than the point I raised myself. But the two points together should be considered by the minister and he should give effect to them.

Mr. ROSS (Calgary East): They are both very important.

Mr. HANSON (York-Sunbury): Yes.

Mr. NOSEWORTHY: I cannot speak as a lawyer on this question, and I am not versed in the legal technicalities involved, but as a layman I have received, since coming to Ottawa, considerable correspondence regarding cases such as those referred to by the hon. member for York-Sunbury and others, and I have reason to know that there is a great deal of discontent in the public mind at the present time regarding the inability of the subject to get justice where the crown is involved. The hon. member for York-Sunbury called attention to the case of the King v. McArthur. I have a considerable amount of correspondence on that case from people who knew that man, who knew the circumstances and followed the case through the lengthy trial and read the lengthy report given upon it.

What is the significance of the date mentioned in this bill, June 24, 1938; and, secondly, will this bill provide any means of redress for those whose cases have been thrown out of court between that date, say, and the present time? I am thinking of the McArthur case. Will there be redress under this bill?

Mr. ST. LAURENT: As to the first question which the hon. member who has just taken his seat has raised, the date is the date when the Exchequer Court Act was amended to make the crown liable for the negligence of its servants, so as to operate as if at the time the negligence of the crown's servants was accepted by the crown it had included men in the armed forces. As to the second question, this bill does not make provision for any indemnity to the claimant in the McArthur case. In the McArthur case the reason that a member of the armed forces was not looked upon as a servant of the crown was not the only reason for the dismissal of the claim. The judge expressed the opinion that on the facts there was not sufficient evidence of negligence, so that it would be quite improper to deal with that in this bill. If there had been nothing but the legal point involved—

Mr. HANSON (York-Sunbury): But the crown did raise this as a defence in that case.

Mr. ST. LAURENT: The crown used to raise as a subsidiary defence that members of the forces were not servants of the crown within the meaning of the act. The learned judge in the McArthur case decided on both grounds, that there was not sufficient evidence of negligence and that in any event a member of the armed forces was not a servant of the crown within the meaning of the act. Had there been only that reason given it would have been proper to say, "If you are going to amend the act we will give the man in connection with whose case the matter arises the benefit of the amendment." But to determine or have determined by parliament, without consideration of the evidence, that that judgment was wrong on the facts would be something I would not care to recommend to the house.

About the other matters, I do thank hon. members for expressing their views upon the point. I will not make any long statement but will merely explain that the reason for the decision, that it is the law of 1887 that has still to be applied by the exchequer court, is of course the logical conclusion from the rule that the crown is not bound by legislation unless expressly mentioned. The crown accepted liability in 1887 for a certain situation as it then existed. No amendments made since can bind the crown unless the crown is specially mentioned and unless it is passed by competent authority. The provinces could not, even if they wanted to, extend their legislation in such a way as to increase the liability of the crown in the right of the dominion government, and the suggestion that is made is that we cancel that additional rule with respect to liability arising out of negligence. The old rule that the crown is not bound unless expressly mentioned is being applied—

Mr. HANSON (York-Sunbury): It could be done another way.

Mr. ST. LAURENT: Well, it could be done from time to time; we could say: We will accept the situation as it is to-day.

Mr. HANSON (York-Sunbury): Or as it may be in various jurisdictions.

Mr. ST. LAURENT: Well, that would be a contradiction of the rule and future legislation would affect the crown without its being specially mentioned. With respect to these prerogatives, they are sometimes referred to as having come down to us from feudal times, but there are still prerogatives in the crown that cannot be lightly wiped out of the general system of our laws. This matter will be given serious consideration. It would be of course a matter of government policy because it involves increasing the liability, but consideration will be given to the question whether or not it will be proper to accept the legislation as it exists at the present time. We know what that is. We know how far it goes.

Mr. HANSON (York-Sunbury): At least that would bring us up to date.

Mr. ST. LAURENT: That would bring us up to date; and I do confess that since 1887 there has been a substantial change in conditions to which it is worth giving careful consideration. On the other point, as to whether or not jurisdiction to extend the claimant's case against the crown should be given to all provincial courts, that will be given further consideration, though I must say that it has been given careful consideration by several departments of government, and the reason the bill as it is was drawn in that way was that it was felt it would not be proper to have a system whereby in one section of the country an individual could recover from the crown, while, if he happens to live in another section of the country he would not recover from the same crown under exactly the same circumstances.

Mr. HANSON (York-Sunbury): What is that? I did not hear that.

Mr. ST. LAURENT: We want uniformity of liability on the part of the dominion government. The dominion government raises its funds from the whole Canadian people. We think it only proper that the liability of the crown to the subject should be the same no matter where the subject lives, and we feel that if we did not have the exchequer court to apply uniform rules to claims against the crown we might have claims being maintained in one portion of the country on facts with respect to which claims would not be maintained in another part.

Mr. HANSON (York-Sunbury): In other words you say there would be different rules of law in different jurisdictions?

Mr. ST. LAURENT: There would be different rules of law and different degrees of latitude or elasticity in the application of the rules, and that was thought undesirable when dealing with the federal crown. Whether or not that be a good and sufficient reason, that is why no provision was made at this time for extending jurisdiction to the provincial courts. In that connection I may say that the officers of the department will confer or are conferring—I think the matter is already under way—with the exchequer court officers to bring about a scale of costs that will not be out of proportion to what costs would be incurred in provincial jurisdictions. Moreover, a rule has been established that in motor accidents or things of that kind, where there is apt to be a counterclaim, we would not proceed in provincial courts, and thus put the defendant in the position where he could not assert a counterclaim. If we should proceed in a provincial court against a defendant because of a collision, and he should contend that the collision was the fault of our servant and that he should be the one to recover, he cannot urge his claim against us in a provincial court.

Mr. HANSON (York-Sunbury): Under the present system.

Mr. ST. LAURENT: Under the present system. There were some cases in which that point had arisen, and we decided to withdraw those cases from the provincial courts and institute them in the exchequer court because we consider it only fair that if we are claiming we should make our claim in such form that if the defendant has a counterclaim to assert, he may submit it at the same time and have them both passed upon in one decision.

Mr. GRAYDON: Otherwise he would be very seriously prejudiced.

Mr. ST. LAURENT: He would be prejudiced; he would have to meet our claim in the provincial court and then submit a new claim in the exchequer court and go all over the whole thing again.

Mr. HANSON (York-Sunbury): That principle is sound.

Mr. ST. LAURENT: That is something we are going to avoid. We will not now, in connection with these claims, go to the provincial courts; not because we do not think we would get justice there, but because if we do go there we put the defendant at a disadvantage and in some instances prevent him from asserting his counterclaim.

Mr. HANSON (York-Sunbury): Of course that could be taken care of by legislation here.

Mr. ST. LAURENT: It could be taken care of by legislation, but still it would involve restricting the prerogatives of the crown. Before I came to the department I had views on that matter, but I have not been in the department long enough to feel entitled to be too drastic in wiping out prerogatives which have come down through the centuries and which have justification to a certain extent. I confess that circumstances are not what they were in 1887. That is something to which we shall have to give serious consideration, but how far we can go is a matter to which we must give not only serious but careful consideration; for what we do is done for all time. You can never increase a royal prerogative, or at least I do not foresee that for many generations there will be any opportunity to add to these prerogatives of the crown. So that whenever you take something away it is definitely gone, and that makes it necessary to proceed with care.

Mr. HANSON (York-Sunbury): I am in agreement with the last observation made by the minister. I am no iconoclast, yet I am not very much impressed by this question of the prerogatives of the crown. The crown still has a great many prerogatives. If you listen to what goes on in this house in connection with the expenditure of money you will realize that theoretically not a dollar can be spent unless the king's representative first recommends it, and that is a pretty strong position to take.

I think good may come out of this discussion. If time permits I hope the minister will discuss the matter with the officials of his department and if the opportunity offers I hope he will take it up in council. I am not very hopeful, for "out of sight, out of mind." I am of the opinion that one reason why jurisdiction has never been conferred upon the

provincial courts in connection with any of these actions is that there is a feeling in government that the present restrictive jurisdiction to bring actions against the crown does away with vexatious and frivolous actions. That may be true, and perhaps otherwise the crown would be sued very much more frequently than it is to-day; yet the case I have attempted to describe shows the hardship that may be imposed upon the subject. Here is a woman who is claiming under Lord Campbell's act, with her husband killed through the alleged negligence of what is now a servant of the crown, and she has to go to the exchequer court to get redress. I think in this twentieth century we ought to facilitate the position of people in that category.

Mr. ROSS (Calgary East): The hon. member for York-Sunbury made a strong plea in favour of dispensing with the petition of right in the exchequer court. Is there any reason why that practice should be continued in the present day? Would not thirty days' or sixty days' notice that the man intended to sue be sufficient, without having to go to the expense of a petition of right?

Resolution reported, read the second time and concurred in. Mr. St. Laurent thereupon moved for leave to introduce Bill No. 134, to amend the Exchequer Court Act.

Motion agreed to and bill read the first time.

At one o'clock the house took recess.

The house resumed at three o'clock.

Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of bill No. 134, to amend the Exchequer Court Act.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

NATIONAL REVENUE ACT

AUTHORIZATION OF APPOINTMENT OF DEPUTY MINISTERS FOR TAXATION AND CUSTOMS AND EXCISE

Hon. C. W. G. GIBSON (Minister of National Revenue) moved the second reading of Bill No. 108, to amend the Department of National Revenue Act.

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

On section 1—Deputy ministers.

Mr. HANSON (York-Sunbury): I gather that this is purely an administrative bill. The explanation made some time ago by the minister would seem to be satisfactory. I understand the status of the commissioner of income tax and commissioner of succession duties has been raised to that of deputy minister.

Mr. GIBSON: That is so.

Mr. HANSON (York-Sunbury): Heretofore he has not had the status of deputy minister.

Mr. GIBSON: He has had the power, but not the rank and status.

Mr. HANSON (York-Sunbury): But not the title.

Mr. GIBSON: Correct.

Mr. HANSON (York-Sunbury): Does the promotion carry anything with it? Will he receive an increase in salary?

Mr. GIBSON: Not unless an increase is provided by order in council appointing the deputy minister.

Mr. HANSON (York-Sunbury): What is the salary of the income tax commissioner?

Mr. GIBSON: $9,000.

Mr. HANSON (York-Sunbury): What is the salary of the commissioner of customs?

Mr. GIBSON: They are both at $9,000. Other deputy ministers range from $8,000 to $12,000.

Mr. HANSON (York-Sunbury): I understand $9,000 is the minimum?

Mr. GIBSON: I understand that there are some at $8,000.

Mr. HANSON (York-Sunbury): This is now a very important position. With the amount of business passing through his hands, the chief taxing officer in the country carries heavy responsibilities. I should think his duties are as heavy as, if not heavier than, those of any other deputy minister, with the possible exception of the deputy ministers in the defence departments. I suggest, so far as I am concerned, that consideration be given to placing the salary at least at a point equal to those of other deputy ministers. It ought to be $10,000. I do not believe the salaries of our chief executives, notwithstanding what some people may say, are excessive. I do not think we could hire legal men with their training for $10,000. Speaking for myself, I would say they ought to be paid good salaries.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

TAX CONVENTION ACT

CANADA - UNITED STATES CONVENTION AND PROTOCOL FOR AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION

Hon. C. W. G. GIBSON (Minister of National Revenue) moved the second reading of bill No. 119, respecting a certain tax convention and protocol between Canada and the United States of America, signed at Washington in the United States of America, on the 4th day of March, 1942.

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

On section 1—Short title.

Mr. HANSON (York-Sunbury): This is an important bill and I must confess that I have not been able to give it the consideration it deserves. The minister ought to take advantage of this occasion to explain the effect of the various provisions of the convention, especially upon international business and firms and enterprises that are international in scope. I gather that this convention has some ameliorating effect upon taxation, although I am not sure as to that. I hope there is an effort to avoid certain features of double taxation.

Mr. GIBSON: The convention and protocol was considered by this house and approved by resolution on June 8, 1942. At that time all the details of the convention were explained and dealt with. It was felt at that time that a resolution of this house was all that was required, as that is all that had been passed in connection with a previous convention in 1936. However, the Department of Justice expressed the opinion that this should have the approval of both houses, and consequently this bill has been brought in.

Mr. HANSON (York-Sunbury): What was the basis of their opinion?

Mr. GIBSON: It affects finances to some extent, because there is a change in taxation rates as between the countries.

Mr. HANSON (York-Sunbury): Heretofore it has been considered that only a resolution was necessary to give effect to what really is a treaty, but the Department of Justice now rules that it should be done by an act of parliament. There is an important distinction there, as the minister will appreciate. I think perhaps the department is right in principle.

Mr. GIBSON: The opinion we received was that "in order to give legal effect to the convention it is necessary that it be confirmed by statute." That was not amplified in any way. There are parts of the income tax act, especially the secrecy provisions, which are being overridden by this convention, and I think possibly that is one reason for the opinion.

Mr. GRAYDON: The minister said that on a previous occasion a resolution of this house was considered all that was necessary with respect to a convention or protocol of this kind. What would be the position now of that previous convention or protocol in view of the opinion of the Department of Justice?

Mr. GIBSON: The convention of 1936 provided that each country would charge five per cent tax on the incomes going to residents of the other country. When we raised our tax, the previous became non-operative, and it was replaced by the convention passed in 1942.

Section agreed to.

On section 2—Convention and protocol approved.

Mr. HANSON (York-Sunbury): Apparently the minister is of the opinion that the previous discussion was quite sufficient, and perhaps he is right. Will he indicate in a general way the changes which are being effected by the various articles?

Mr. GIBSON: A previous convention with the United States provided for a five per cent tax on income going into either country. Eventually Canada raised that tax to fifteen per cent, with the result that the previous treaty was abrogated and automatically a sixteen and a half per cent tax went on against Canadians, this being raised later to twenty-seven and a half per cent. This tax was deducted at the source in the United States from dividends coming to Canada. This convention was then entered into with the United States to restore the equality of treatment and bring the tax down to a level of fifteen per cent in each country.

Mr. GRAYDON: We were getting the worst of the bargain.

Mr. GIBSON: The United States now charges thirty per cent in the case of countries which do not have an agreement.

Section agreed to.

Sections 3, 4 and 5 agreed to.

Schedule agreed to.

Mr. HANSON (York-Sunbury): Before the bill is reported I should like to ask one question. Does a wholly-owned subsidiary of

a United States company—General Motors is a case in point—pay a tax on dividends going to the parent company in the United States, and is the reverse the case also?

Mr. GIBSON: They do not pay a tax; we can tax them, but we do not.

Mr. HANSON (York-Sunbury): Is it reciprocal?

Mr. GIBSON: We have a reciprocal right to tax.

Mr. HANSON (York-Sunbury): We have the right to tax the dividends of General Motors of Canada going to General Motors in the United States, but we do not do it. The minister might elucidate that point. Are the dividends paid by a subsidiary of a Canadian company operating in the United States to the parent company taxed?

Mr. GIBSON: There is a five per cent tax on dividends coming from the United States to a parent company in Canada.

Mr. HANSON (York-Sunbury): The situation does not seem to be wholly equitable.

Mr. GIBSON: It is a matter of policy for this government that the tax has never been applied in this country, although we have the right to put it on.

Mr. HANSON (York-Sunbury): Why should not there be equality?

Mr. GIBSON: It is a matter of policy.

Mr. HANSON (York-Sunbury): Upon what is the policy based?

Mr. GIBSON: The policy is set by the government with the advice of the Minister of Finance. It may be as an encouragement to United States companies to establish subsidiaries in this country. That would be one reason.

Mr. HANSON (York-Sunbury): That would be one basis for the policy, but I am wondering why Canadian parent companies have to pay taxes on dividends from their United States subsidiaries when the United States companies do not have to pay on dividends from their subsidiaries in this country. It seems to me that they should be on exactly the same basis. There may be a good reason, and if there is I should like to know what it is. If it is merely to encourage capital to come into the country, then that argument will have to stand on its own feet. Why should there not be reciprocity in the matter?

Mr. GIBSON: We have reciprocity as far as the right to put on the tax is concerned. Under this convention we have the right to put on the same tax as the United States does, but this country has not seen fit to put on such a tax.

Mr. HANSON (York-Sunbury): And the reason is the one given.

Bill reported, read the third time and passed.

MINERAL RESOURCES

MEASURE TO RATIFY AGREEMENT WITH BRITISH COLUMBIA RESPECTING ORE DEPOSITS ON INDIAN RESERVES

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of bill No. 78, respecting the British Columbia Indian Reserves Mineral Resources Act.

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

On section 1—Agreement confirmed.

Mr. CRERAR: Mr. Chairman, it may be of assistance to the committee if I make a few brief comments on the bill now under consideration.

There are at present over 1,600 Indian reserves in the province of British Columbia. To relate the history of these reserves and the various discussions and negotiations that have taken place down through the years between the provincial government and the federal government would fill a good-sized volume. The first reserves were set aside when British Columbia was a colony, in pre-confederation days. Under the British North America Act, as hon. members are aware, the responsibility of looking after the Indians is a federal responsibility. In British Columbia provision was made at the entry of that province into confederation for setting aside additional reserves as they became necessary. Various commissions of investigation were set up, one in 1875-76, to select reserves, but generally speaking the laws of British Columbia provided that the complete reversionary interest in the lands set aside for Indian reserves remained with the province. As a result of that, legal obstacles existed to the use of the reserves for the benefit of the Indians. For instance, if a portion of a reserve were surrendered it reverted to the province, and the province could sell it. If there were merchantable timber on the reserve, no disposition could be made of it without the proceeds going back to the province. That condition of affairs continued, generally speaking, until 1912, when both governments recognized that it was necessary to clear up the situation with regard to

the resources on these reserves. Accordingly the McKenna-McBride commission was set up to determine the extent of the reserves and to consider matters generally affecting the Indians. That commission reported, and in 1919 an agreement was drawn up in accordance with the recommendations of the commission providing for the settlement of many of the outstanding difficulties. For some reason or another action was not taken on this agreement for many years, and it was not until 1938 that the lands were conveyed by the provincial government to the federal government.

To go back a little, a question arose as to the ownership of the minerals which might be found on lands transferred to the dominion in British Columbia, and a test case was taken to the privy council to decide the ownership of the precious metals. The privy council gave judgment that the precious metals belonged to the crown in the right of the province.

Mr. HANSON (York-Sunbury): Has the minister the citation?

Mr. CRERAR: The case was decided in 1889. An extract from the judgment of the privy council reads:

> The precious metals in, upon and under crown lands, are not incidents of the land but belong to the crown, and, under section 109 of the British North America Act, 1867, beneficially to the province.

That judgment, of course, established that if precious metals were found on such lands, the dominion had no claim to any benefits arising from the exploitation of these precious metals.

Mr. HANSON (York-Sunbury): They belonged to the crown in the right of the dominion?

Mr. CRERAR: No, the judgment was that they belonged to the crown in the right of the province, and consequently on Indian reserves they could not be utilized by federal authority for the benefit of the Indians.

Mr. HANSON (York-Sunbury): I see.

Mr. CRERAR: But that left the ownership of the base metals undecided. The government of British Columbia has not receded from the position that the base metals also belong to the crown in the right of the province, while the dominion government has held that they belong to the crown in the right of the dominion for the benefit of the Indians concerned.

During Premier Pattullo's tenure of office in British Columbia I had several discussions with him on this point with a view to having it cleared up. The result of all the discussions which have taken place is really crystallized in the bill which we have before us.

Mr. HANSON (York-Sunbury): Not in the bill but in the agreement.

Mr. CRERAR: In the agreement, yes; I accept the correction of the hon. member for York-Sunbury.

Mr. COLDWELL: May I ask on what grounds you separate the base from the precious metals in a contention of this kind? Both are underground; would not both be subject to the same jurisdiction?

Mr. CRERAR: The case before the privy council which I mentioned a moment ago covered only precious metals. As I stated, the province of British Columbia had refused to concede that it had not possession of the base metals as well.

Mr. COLDWELL: I understand that.

Mr. CRERAR: On the other hand that can be settled only through the courts, because the federal government held—I am not familiar with the precise legal reasoning in the matter—that the right to the base metals is with the crown in the right of the dominion for the benefit of the Indians. To cover this point an agreement was reached with the province of British Columbia relating to the manner in which the mineral resources on these Indian reserves might be developed. I am bound to say I think that in the agreement reached the British Columbia authorities have taken a fair position. Perhaps from their point of view it seems a generous agreement in this regard. At any rate the agreement has been reached.

Mr. GRAYDON: Is it a fair agreement from our point of view?

Mr. CRERAR: I shall deal with that in just a moment. If a difficulty arose, if it were determined that ownership of the base metals rested in the crown in the right of the dominion for the benefit of the Indians, we would have the dominion government for the Indians controlling the disposal of the base metals, and under the privy council judgment we would have the province of British Columbia controlling the disposal of the precious metals. Precious metals and base metals are frequently found in combination, and it does not require much imagination to see the problems and the difficulties which would arise under that condition. Consequently the agreement covers this. The provisions of the agreement which is being

ratified under this legislation are that the prospecting and the development of minerals on the reserves shall be under the laws and regulations of the province of British Columbia; that is the province will issue permits to prospect, permits to develop, but only after the Indians concerned have given their agreement to it in the ordinary manner which is provided for in the Indian Act.

Mr. COLDWELL: That is the meaning of the reference here to getting the permission from the Indian agent? I understand that getting permission from the Indian agent means that the Indians themselves concur?

Mr. CRERAR: Yes, that is provided for in the Indian Act. The matter is placed before the Indians and they vote in the manner determined in the Indian Act as to the surrender of these minerals, and then the prospecting and development follow and are done under the laws and regulations of the province. There is a provision that the royalties or the revenues which are derived at present by the province under its laws from mining development cannot be reduced so far as these reserves are concerned without the consent of the federal government. In other words, those royalties and dues, if one may term them such, at present in force in British Columbia, are, I believe, as high as or higher than they are in most of the other provinces, and they cannot be reduced by the province as regards the minerals on these reserves without the consent of the federal government. The revenues derived from the exploitation of these minerals on reserves, whether they are derived from gold or from base metals, are divided equally between the provincial authority and the federal authority; the federal authority using them, of course, in trust for the Indians concerned.

Mr. COLDWELL: What use may the provincial authority make of the funds?

Mr. CRERAR: They become part of the ordinary revenues of the province, and can, I suppose, be used in any way in which the province wishes to use them. What is sought in this bill, then, is confirmation of the agreement reached with the province of British Columbia covering the disposal and handling of these minerals on Indian reserves which may be found from time to time. I do not think there is anything I need add in explanation of the measure.

Mr. GREEN: Is the share of the money which comes to the dominion held in trust for the particular tribe living on the reserve where the mine is situate?

[Mr. Crerar.]

Mr. CRERAR: Yes, it is held in trust for the Indians on the particular reserve.

Mr. STIRLING: The basis of the agreement arrived at between the dominion and the province results in an arrangement by which one-half of the revenue collected goes to the one and one-half to the other. Is that arrangement arrived at by an understanding that the values of the precious metals and the base metals are similar? The question arises in my mind, what to-day is a precious metal? Of course, gold and silver; but several other extremely valuable metals are now mined, a good many of them in British Columbia, which to-day may come under the category of precious metals. I should like the minister to explain on what basis the arrangement of fifty-fifty has been arrived at.

Mr. CRERAR: Well, ordinarily in the past such metals as gold and silver have been regarded as precious metals.

Mr. STIRLING: Platinum?

Mr. CRERAR: I am unable to say whether or not platinum comes within the definition of precious metals. I am inclined to think that it does. In any case, whatever the regulations of the province may be in regard to royalties or the revenue secured from gold or silver or platinum or any other metal, base or precious, that scale of royalties and revenues cannot be reduced, as I have stated, without the consent of the dominion. Now, that maintains the existing scale of fees or royalties upon which the province derives revenue from the development of these minerals, that is over the province generally. In the second place there is no need, it appears to me, to draw any distinction between gold or minerals carrying gold and ores carrying, say, copper. I cannot at the moment say what the provincial government scale of royalties is, but assume for the sake of argument they have one scale of royalties for gold, another scale for copper, another scale for zinc. In any case these royalties apply whether the development on the reserve is gold, copper, zinc or all three, and consequently the interests of the Indians in that regard are fully protected. There is a definite advantage to the Indians of British Columbia in this arrangement, because it clears up any doubt that may exist as to the degree to which they might be able to participate in the development of minerals on the reserves. It establishes clearly and definitely what I think is a fair, if a somewhat rough and ready, rule for the benefit of the Indians. I will admit at once that if on these reserves base metals were found in large

quantities and it could be established that the federal government had the right to the development of these for the benefit of the Indians, then possibly on balance the welfare of the Indians might suffer a little. On the other hand, if any future development were mainly in the precious metals, then the province would not do so well. As I have already stated to the committee, this is a rough and ready method of settling what has been a contentious subject and on a basis which, on the whole, I believe, will not detract anything in the end from the total revenues of the Indians by and large, having regard to what the situation would be if the matter were left in any uncertainty or doubt.

Mr. NEILL: The general principle of this bill is undoubtedly good because it does away with the objection that has been in existence for many years in British Columbia, that if the Indians—or anyone acting for them—discovered a valuable mine, it could never practically be worked because the other party, the provincial government or the dominion government, would step in and say, "You may take out your silver but you must not touch our lead, for instance." It ended practically in the Indians being deprived of any benefit whatever.

There are a couple of discrepancies, as I understand the bill. The explanatory note does not accord with the agreement. I was given to understand, in conversation with some of the officials, that the first procedure would be to obtain the consent of the particular band of Indians to surrender these minerals, and it was so stated in the explanatory note. The note has no legal effect whatever. It reads:

> Briefly the arrangement provides that upon surrender by the Indians the administration, control and disposal of the minerals and the mineral claims shall be subject to the laws of the province.

That appears in the explanatory note which, as I say, has no legal force whatever. The real thing that does bind these people is to be found on page 3 of the bill:

> The administration, control and disposal of all minerals and mineral claims, both precious and base, in, upon, or under all Indian reserves in the said province shall be subject to the laws of the province. . . .

"Shall be": in other words, the moment this bill is passed the Indian has no say at all in the matter. On the other hand the minister may point to the following provision which appears lower down on the same page:

> And provided further that no prospecting or right of entry on the said Indian reserve shall be authorized or permitted until permission so to do has been obtained from the Indian agent for such reserve; such permission shall be subject to such terms and conditions as the said Indian agent may specify and shall be granted only to such persons whose application for permission has been approved by the gold commissioner for the mining division of the province in which such reserve is situated.

That takes care of the white man and of the provincial government but not of the Indian. Elsewhere it states that on the passing of this act all these minerals shall come under the control of the province. I maintain that the procedure hinted at in the explanatory note, which, I repeat, has no force, should have been maintained, to surrender all the rights of the Indians in that particular reserve and, in the regular way, to have the Indian agent call a meeting of the band, whereupon he would ask if they would surrender the minerals on the reserve. Of course they know then what the deal is, and they would give their consent with a knowledge of the terms and so on. Anyone can come to prospect on the reserve—that is quite all right—but only with the consent of the Indian agent, and he may make such terms and conditions as he thinks fit. The act should be so worded as to provide that the protection afforded the Indian with regard to their consent will be safeguarded as in the Indian Act.

There is another objection I see, to which I would call the attention of the minister. I am sure it was not intended that we should arbitrarily take away the ownership of these minerals from the Indians without their consent. It is provided in the old act that nothing may be alienated without the consent of the band being obtained, and that is as it should be; but in section 7 of this bill it is provided that the province shall run the whole thing, collect all royalties and so on, and give the dominion government one-half. That, too, is all right; but it enacts that the province shall not be liable to the dominion for failure to collect the revenue or any portion of it by reason of the neglect or failure of any officer or servant of the provincial government or of the department of mines of the province to carry out his duties in connection therewith. That is a very unfair provision. By force of law you will take the minerals from the Indians, admittedly a good thing, and make a deal with the province by which they will run the business and give the dominion one-half. But if they fail to do it, if some official neglects his duty, some servant of the province, the Indian is out of luck.

If you make a deal in a business way you are under obligation to carry it out; and it is not sufficient for me, if I enter into an

agreement with someone and my servant does something that contravenes the agreement, to turn round and say: "I am not responsible; you had better see him." The deal is between the dominion and the province, and if the province agrees to collect the money, it should be responsible except where it is impossible to make the collection. It should not apply where there is wilful neglect on the part of an officer or servant of the provincial government. He might steal money, for instance, and the province might very well say that section 7 absolves it from liability. If the province fails to collect the money it should be liable. It is not sufficient for the province to say that one of its servants ran away with the money. As I say, the provision should apply only where the failure to comply with this part of the agreement is unavoidable. If they made a deal with a mining company and the company went bankrupt and could not pay, then I would say it was not the business of the province to pay what should have been collected; but where it is a matter of sheer negligence or malfeasance on the part of an officer, a man stealing money, for example, the dominion as trustee and careful guardian of the rights of the Indians should protect these people in such a way as to enable them to collect from the province whose servant was responsible.

Mr. CRERAR: On the face of it there is some force on the point raised by my hon. friend. I do not see, however, where there could be any failure by which the Indians would suffer. It could not arise without the province suffering equally. If the servant of the province who has to do with the administration stole money he would be stealing the province's money as well as the Indians'. If he were negligent he would be negligent in his service to the province as well as to the Indians.

This agreement was the result of a rather rough and ready way of settling a contentious dispute. There is this to be said, that the province bears all the cost of administration and yet 50 per cent of the revenues derived are paid in for the account of the Indians.

Mr. NEILL: Is it the gross revenue or the net revenue?

Mr. CRERAR: It will be 50 per cent of the revenues received, according to the information supplied to me on that point. So that I do not think there is really any very serious obstacle to the ratification of this agreement in the point raised by the hon. member for Comox-Alberni, though I recognize that there may be some force to it.

Mr. NEILL: What about the surrender?

Mr. CRERAR: On that point the agent will be governed by the instructions of his superiors. The Indian Act provides the basis upon which surrenders may be made, but as I recall it the act also provides in certain cases that if a band of Indians persists for some reason in pursuing a course that is really detrimental to their own interests, action may be taken to overcome that situation. I should say that in the actual administration of this matter the general terms and provisions of the Indian Act will govern, as they govern in other, similar matters.

Mr. NEILL: Quite so; that would be the case if you had left the act as it was or if you had said that this procedure would be subject to the ordinary provisions of the act. But here you are devising something to take the place of the section of the Indian Act which now says you cannot take land away from a band of Indians without their consent, without calling a public meeting, and so on. There may be provision for dealing with extreme cases, in regard to the right of way for a railway, for example, but that is an extraordinary circumstance. The general principle laid down is that Indians may not be deprived of anything belonging to them without their consent, but now you are going to substitute the power of the Indian agent who can make conditions under which someone may go prospecting. I think it was intended originally that the right of the Indians should be surrendered in the usual way, and the explanatory note says so:

> Briefly the arrangement provides that upon surrender by the Indians the administration, control and disposal of the minerals and the mineral claims shall be subject to the laws of the province. . . .

But that is only in the explanatory note, not in the bill. Nothing is said in regard to the surrender, however; it only states that the Indian agent may do certain things.

Mr. CRERAR: I think it may be assumed—

Mr. NEILL: Well, we cannot assume things.

Mr. CRERAR: Yes, I think it may be assumed that in the administration of this matter the provisions of the Indian Act will be observed. It is quite true that it does not say so specifically—

Mr. NEILL: Why not?

Mr. CRERAR: I do not know why, but that has been the practice in the past. The Indian Act provides for surrender being obtained from the Indians under certain conditions; but if a band of Indians, through some mistaken idea, follow a course that is against their own interest, I think I am right in saying that the administration has the right to overrule the Indians.

Mr. NEILL: That is only in an extreme case, and it is left to the judgment of the department, not to the whim of an Indian agent.

Mr. CRERAR: Oh, well; this will not be left to the whim of an Indian agent. An Indian agent would not act in a matter of this kind without consulting his superiors.

Mr. GRAYDON: As I see it, the question is not whether an Indian agent would or would not act. The question is, can he or can he not act; because if we give the Indian agent power, neither the government nor anyone else can say to him that he should not take this particular step. The fact is that we should so frame the legislation that there is no question of interpretation or assumption connected with it. The whole situation comes down to this, that if, as the hon. member for Comox-Alberni has pointed out, the Indian Act makes certain provisions, we should have something more than the minister's statement that he assumes the provisions of the Indian Act will be followed, or that he is quite sure nothing will be done contrary to its terms. It seems to me that good legislation, well drawn, would leave no room for doubt and would make it unnecessary for the minister to interpret the legislation, as he is attempting to do now. That is a job for the courts, not for the minister.

Mr. CRERAR: I am not attempting to interpret anything.

Mr. GRAYDON: Well, the minister has mentioned certain assumptions, and so on. I think the point of the hon. member for Comox-Alberni is well taken. If the terms of the Indian Act are to be read into the statute by those administering it, then they should be written into the statutes by those who are enacting it.

Mr. NEILL: I suggest an amendment, and a few words would do it. I would suggest that section 2 be amended, to begin with these words:

> Upon the surrender of the minerals in any reserve, according to the terms of the Indian Act, the administration . . . shall pass to the province.

Then the surrender would have to be obtained in the usual way.

Mr. CRERAR: Of course this agreement has been confirmed already by the legislature of British Columbia.

Mr. NEILL: But we are legislating in behalf of the Indians. We are their guardians; we are not worrying about what the province has done. We are putting through legislation that will affect the Indians, and I say they are not getting the full protection to which they are entitled. If you inserted the words I have suggested, they would be protected.

Mr. CRERAR: As a matter of practical observation I think the hon. member for Comox-Alberni is tilting at a windmill.

Mr. NEILL: Well, I was an Indian agent for ten years, and I know how the Indians look at these things.

Mr. CRERAR: I know also how the Indians look at these things. In actual practice what would happen to an Indian agent who, of his own volition, gave away rights in connection with these matters? He would not long be there. My hon. friend knows as well as anyone that the Indian agent must carry out his duties in conformity with the instructions issued to him.

Mr. NEILL: Oh, no.

Mr. CRERAR: Absolutely; and in this case the procedure unquestionably will be that provided in the Indian Act for the disposition of assets on reserves. While it does not so state specifically in this agreement, I think to assume anything else is not in accordance with the practice of the Indian department or with common sense. It may be that my hon. friend is quite right when he says the agreement could have been drafted in clearer terms on that point. I am willing to concede that, but the province of British Columbia has passed legislation approving this agreement. It took a great deal of effort and persuasion to bring them to that point, and now if we should say, "We are not quite satisfied with this agreement and we want to amend it further," they might reply, "Well, we are through with it." I have no hesitation in saying that the settlement of these contentious points by this agree-

ment is in the interests of the Indians of British Columbia. I think my hon. friend will agree with that; there can be no question of it.

Mr. NEILL: I have said so already.

Mr. CRERAR: That being so, I am prepared to recommend to the committee that we pass this confirming legislation now.

Mr. GRAYDON: Of course the fact that the minister has brought in the bill indicates that he is recommending it to the committee, but I think he has to go a little further than that. I am interested in this. I know that the minister and the government, to put it in a more or less vulgar term, are rather on a spot in this matter, because of the fact that the agreement has already been signed. The bill itself is a matter of only two or three lines stating that the schedule to the act shall be confirmed and shall take effect according to its terms. I should like to ask the minister if, in the negotiations between the province of British Columbia and the dominion government, the question raised with respect to the provisions of the Indian Act applying in the event of surrender was discussed.

Mr. CRERAR: No, not so far as my recollection goes. It was not mentioned at all, because how the Indians might give it up was not a question of concern to the province. What the province was interested in was the question of the disposition of a contentious matter, and the question of clearing up the matter of revenues, and the development of resources, should they be found. That was what the province was mainly interested in. I have not the slightest doubt that if we had put into the agreement the most stringent possible terms to the effect that the vote of the Indians would be required, or a three-quarters vote would be required, or anything of that kind, the province would not have raised the slightest objection.

The point of criticism raised by the hon. member for Comox-Alberni is that we are giving too much power to the agent on the reserve.

Mr. NEILL: Too much power to the Indian agent.

Mr. CRERAR: Yes.

Mr. NEILL: Instead of to the Indians, to whom it belongs.

Mr. CRERAR: But my answer to that is that, in effect, we are not giving power to the Indian agent. The Indian agent must carry out the instructions, regulations and conditions of the Indian Act. I have not the slightest doubt that these surrenders will be secured in all cases from the Indians in accordance with the terms of the Indian Act, and in accordance with the practice that has obtained in connection with Indian administration all through the years.

Mr. NEILL: If I were an Indian agent this is what I would look at:

> The administration, control and disposal of all minerals and mineral claims, both precious and base, in, upon or under all Indian reserves in the said province shall be subject to the laws of the province.

Does the minister say that that conveys any instruction to me to go out and get the consent of the Indians? Not at all. The old Indian Act states that before any disposition of Indian lands shall take place, the Indians shall be called together, and that their consent shall be obtained. This deprives them of that opportunity, because it says the administration from this day on shall be subject to the laws of the province. What is the use of asking the Indians to release something that has already been taken away from them? The minister says he is sure that the Indian agent will do so-and-so. Well, if he knew Indian agents as well as I do he might not be so sure. Why bring legislation here if the form of the whole procedure is to be based on someone presuming that somebody else will do something else. The Indian agent does not have to do it, because the moment this bill becomes law and this parliament passes the legislation the administration and control will be subject to the laws of the province. What is the use of asking a group of Indians to give up their rights on a reserve which, so far as this bill goes, have already been taken from them?

The minister was wise in bringing this bill in and, as I said, it is a good thing and it will be beneficial to the Indians and the province as well. But the province is looking after the province, and we are looking after the Indians, and we are taking away from them something which is a fundamental right. You do not take property or land away from the Indians, without the consent of the majority of Indians. The procedure is laid down. A meeting must be called by the Indian agent—I do not remember whether every adult votes or only male adults, but anyway it is a procedure which has to be taken.

Mr. CRERAR: The agreement deals, at page 3, with the question of prospecting, or the right of entry to an Indian reserve. These are the words used:

> And provided further that no prospecting or right of entry on the said Indian reserve shall

be authorized or permitted until permission so to do has been obtained from the Indian agent for such reserve; such permission shall be subject to such terms and conditions as the said Indian agent may specify.

Mr. NEILL: Yes.

Mr. CRERAR: And it continues:

—and shall be granted only to such persons whose application for permission has been approved by the gold commissioner for the mining division of the province in which such reserve is situated.

Mr. NEILL: That applies only to prospecting.

Mr. CRERAR: And it states further:

And provided further that base minerals and mineral rights shall only be subject to this agreement upon being surrendered pursuant to the Indian Act.

I overlooked that provision when I spoke a moment ago in reply to the hon. member. But it will be noted that it is specifically stated there that surrenders are subject to the provisions of the Indian act, in that regard.

Mr. MACKENZIE (Vancouver Centre): Certainly it does.

Mr. HANSELL: I am not going to protest about the bill, or argue whether it is right or wrong, nor shall I speak about its virtues. But I do protest against the procedure being adopted. Perhaps this procedure has been taken for a long time, but the fact is that we are asked to pass a bill approving of an agreement already signed. I am at a loss to know what would happen if the house were to refuse to pass the bill. Would the minister care to tell us, or would the Minister of Justice, who is in his seat, give us his opinion? It appears to me that a bill of this kind makes a member of parliament a sort of rubber stamp. This agreement has already been signed, and the bill is to be passed simply to ratify the agreement.

Mr. MACKENZIE (Vancouver Centre): If the hon. member will read the last paragraph at page 2 of the schedule he will find this:

Now therefore this agreement witnesseth that the parties have mutually agreed, subject to the approval of the parliament of Canada and the legislature of the province of British Columbia.

So that it is clear that the agreement is invalid unless approved by parliament.

Mr. CRERAR: I can tell the hon. member what will happen. If parliament does not confirm the agreement by this measure, then the agreement falls to the ground and we revert to the old state of confusion and uncertainty.

Mr. GRAYDON: It could be renegotiated.

Mr. CRERAR: What position would we be in to go back and renegotiate it? But that was not the point raised by the hon. member for Macleod.

Mr. GRAYDON: The minister suggests that there might be some difficulty in going back to the province. But only a moment ago he said that if we had asked for this, the province would have allowed us to put it in.

Mr. CRERAR: But it is in the act now. My hon. friend had better read the bill. The point raised by the hon. member for Macleod is this: He says, "You have an agreement; what is the sense or the need of having an act of parliament to confirm it?" The agreement expressly states that it shall not go into effect until confirmed both by the legislature of British Columbia and by the parliament of Canada. The legislature has confirmed it, and we are now asking parliament to do the same.

Mr. HANSELL: In other words I understand the minister to say that the agreement is not at present in effect?

Mr. CRERAR: No.

Mr. MACKENZIE (Vancouver Centre): It cannot be.

Section agreed to.

Schedule agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time? Now.

Some hon. MEMBERS: Carried.

Mr. NEILL: On division.

Bill read the third time and passed.

FEDERAL DISTRICT COMMISSION

AUTHORIZATION OF ANNUAL PAYMENT OF $200,000 FOR TEN YEARS FROM APRIL 1, 1943

Mr. D. C. ABBOTT (Parliamentary Assistant to the Minister of Finance) moved the second reading of bill No. 71, to amend the Federal District Commission Act, 1927.

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

On section 1—Period for payment of annual grants extended.

Mr. REID: I thought that this appropriation would be dealt with by the Minister of Public Works (Mr. Fournier), but as the bill is now before us and we have an opportunity of discussing it I should like to make one

comment. Personally I think it was a mistake to place the care of the grounds in Ottawa in the hands of the federal commission. I understand that this year for reasons of economy, they are not placing flowers in the different grounds, but we should not forget that there are sixteen or eighteen representatives of different countries located in Ottawa, and with the visitors who come to this city there should be no lack of flowers.

Mr. ABBOTT: There will be an opportunity under public works estimates to discuss the maintenance of the grounds about the parliament buildings and other public buildings in Ottawa. This grant of $200,000 has been made for some years to the federal district commission, primarily for the maintenance of the parkway system. Under the Federal District Commission Act, 1927, provision was made for a grant of $250,000 for ten years. Subsequently, in consideration of a capital sum of $3,000,000 which was made available for large scale improvements, largely in central Ottawa, the grant was reduced to $200,000 a year in 1928. That grant expires this year and the bill now before the house provides for the continuing of this grant of $200,000 for another ten years.

Mr. GRAYDON: I understand that this bill is a replica of the one passed in 1928, which expired on March 31, 1943, except that the term in the previous bill was fifteen years, whereas in this bill it is for ten years. I should like to know the underlying reason for this change in the length of time during which the grant is to be paid.

Mr. ABBOTT: I am informed that there is no special reason except that it was not thought appropriate to ask for an increase in the grant until the war was over. As the hon. member for New Westminster (Mr. Reid) has indicated, because of war conditions the work being carried on has been cut substantially. It was felt that authority should be asked to appropriate $200,000 for ten years, and the matter could be reconsidered after the war is over.

Mr. HANSELL: I am not opposing the bill, because I am not anxious to be continually reducing expenditures. We get beauty by spending money, not by saving it. I am in favour of the bill, but I would make one suggestion. When parliament is ready to grant $200,000 a year for the purpose of beautifying Ottawa, I think the city should try to follow suit in some little things. It takes more than parks and driveways and canals and green grass and flowers and trees to make a capital city. I hope I shall not be criticized too severely for what I say, but if you take the parks and trees away from Ottawa you will not have much left. The reply will be made that we cannot do anything without getting money from somewhere, but money is the hardest thing in the world to get under the present arrangement. If the Department of Public Works would spend a little more money upon our buildings it might be to the advantage of this city. There are some nice buildings in Ottawa, such as this one, but some of the dirtiest places in the city are those owned by the government. For instance, I never thought much of the Daly building. I do not know why they have the windows in that building painted green, but there may be some reason for it. For the most part the windows in our public buildings are very dirty, and that is not a good advertisement for government ownership. When some great operatic star comes to Ottawa, what happens? She has to go to a dirty old skating rink.

Mr. GRAYDON: Who was put in there?

Mr. HANSELL: Jeanette Macdonald. When a world famous star comes to Ottawa the city turns out as it should, because it is a cultural event, but then they have to go to a skating rink which is called the auditorium.

Mr. GRAYDON: This is war time and we have to put up with a lot of things.

Mr. HANSELL: I know my hon. friend does not mean that, because this thing has gone on for a good many decades and will continue to go on for many more decades. I see no reason why the capital city should not be beautiful, not only from the point of view of parks, flowers and trees, but from the point of view of architecture and other matters. The main reason why this has not been done is the claim that we cannot do a thing unless it is stamped with the almighty dollar sign. If the city council were asked to do anything they would say that they would have to tax to get the money. It is all a matter of knowing where to get the money. Perhaps some day we shall be in position not only to tell you where to get it, but actually to get it for you.

Mr. MARSHALL: We are getting it now.

Mr. HANSELL: The hon. member for Camrose says that we are getting it now. That is the peculiar thing. We are getting it now, for purposes that are most necessary I admit, but in the end it will be gone.

There will be nothing to show for it. We do not seem to be able to get money to put up substantial buildings which would be of value to the cultural civilization of this country. I am in favour of the bill.

Section agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Mr. D. C. ABBOTT (Parliamentary Assistant to the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $6,046,300 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1943; to make provision for the purchase or refunding of capital obligations of the company, or of any company comprised of the Canadian National Railway system, during the said calendar year and for the issue of substituted securities for such purpose; to authorize the governor in council to guarantee the principal, interest and sinking funds of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $6,046,300 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system.

Motion agreed to and the house went into committee, Mr. Bradette in the chair.

Mr. GRAYDON: Perhaps the parliamentary assistant who is piloting this resolution through would give some details. We ought to know, for instance, whether this is new debt, what amount is being refunded, and any other details that can be given.

Mr. ABBOTT: I shall be very glad to do that. The bill to be founded on this resolution is for the purpose of providing authority for the capital expenditures of the railway system and the retirement of miscellaneous maturing obligations, either by way of loan from the dominion or by the issue of securities of the company and guaranteed by the dominion.

The total amount to be provided for this purpose is limited to $6,046,300, divided as follows:

Additions and betterments (less retirements)	$12,200,000
Acquisition of securities	1,294,300
Retirement of maturing capital obligations, including sinking fund and equipment principal payments	9,552,000
	$23,046,300
Less: Available from reserves for depreciation and debt discount amortization	17,000,000
	$ 6,046,300

In the 1942 act it was provided that the railway company, subject to the approval of the governor in council, could retire debt of any of the companies comprised in the railway system in any amount and issue new securities in exchange for such retired obligations. The power conferred by the 1942 act is a continuing one and it is not necessary to reenact it.

That is a general break-down of the $6,046,300 but I shall be glad to give hon. members details of the various items if they so desire.

Mr. GRAYDON: Is the break-down of these items lengthy?

Mr. ABBOTT: It is not very lengthy. I have here, for instance, details of the total expenditure of $12,200,000 for additions and betterments in the different regions in which the railway operates.

Mr. GRAYDON: If it is a lengthy list perhaps the break-down might be put on *Hansard* for the convenience of hon. members.

Mr. ABBOTT: I shall be glad to put it on *Hansard,* also details of the acquisition of securities, and of the retirement of maturing capital obligations. The details are as follows:

Additions and Betterments

Atlantic Region	$ 1,369,263
Central Region	5,050,567
Western Region	2,548,526
Grand Trunk Western Railroad	363,279
Central Vermont Railway	124,909
Montreal Terminals	363,568
P.E.I. Car Ferry and Terminals	35,700
Subsidiary companies	146,814
General, including additions and betterments to equipment	2,715,268
	$12,717,894
Equipment purchases	425,968
Equipment retirements	(cr.) 943,862
	$12,200,000

Acquisition of Securities	
Toronto Terminals Railway	
Joint with C.P.R.—General additions and betterments—C.N.R. proportion 50 per cent.....	$ 100,000
Northern Alberta Railways	
Joint with C.P.R.—General additions and betterments—C.N.R. proportion 50 per cent.....	1,050,000
Chicago and Western Indiana Railroad	
Advances under agreement of March 1, 1936.....	144,300
	$1,294,300
Retirement of Maturing Capital Obligations, including Sinking Fund and Equipment Principal Payments	
Retirement of Maturing Capital Obligations	
Indebtedness to state of Michigan re wider Woodward Ave., Detroit	$ 430,000
	$ 430,000
Sinking Fund Payments	
2% C.N.R. Guar. Deb. Stock (1927)	397,792
4% St. John & Quebec Rly. 1st Mortgage Deb. Stock	6,735
	$ 404,527
Equipment Principal Payments	
5 % C.N. Equipment Trust "K"....	$1,200,000
4½% " " "L"....	1,050,000
2½% " " "O"....	1,430,000
2¾% " " "P"....	500,000
2½% " " "Q"....	650,000
3 % Purchase of Equipment 1936 (Dom. Gov.)	517,173
3½% Purchase of Equipment 1940 (Dom. Gov.)	991,968
3½% Purchase of Equipment 1941 (Dom. Gov.)	1,401,141
5 % Central Vermont Equipment Trust 1929	124,000
5 % Grand Trunk West Equipment Trust 1929	283,000
2½% Grand Trunk West Equipment Trust 1941	570,000
	$8,717,282
	$9,552,000

Resolution reported, read the second time and concurred in. Mr. Abbott thereupon moved for leave to introduce Bill No. 135, to authorize the provision of moneys to meet certain capital expenditures and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1943, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

[Mr. Abbott.]

On the motion for the second reading of the bill:

Mr. GRAYDON: I should like to facilitate as much as possible the passage of this bill, but I am compelled to take the position that no bill should ever be passed by this house until the members have had an opportunity of reading it. That I think is a fundamental practice which must never be departed from. I believe that a lengthy discussion of the subject matter of this bill was had in the railway committee, where full details were provided, and that perhaps will save at least some discussion in the committee of the whole. Perhaps the second reading could be taken later to-day. I would have no objection to that unless there are unusual provisions or terms in the bill that require our attention. But I do not think the house or the committee would feel that they were discharging their obligations properly if they attempted to deal with the bill before it had been printed and is before us, even though we desire to facilitate the business of the house.

Mr. MACKENZIE (Vancouver Centre): Mr. Speaker, I think the order for second reading should stand, and then perhaps later to-day by unanimous consent we may proceed with it.

Mr. GRAYDON: I would also point out to the members of the government that while there is a disposition towards the end of a session to facilitate the passage of legislation more perhaps than at other times, we must always bear in mind that this is the country's business and that every item must receive the same care and attention at one stage of the session as it would at another. I think only with that proviso and on that condition should we facilitate the passage of measures through the house.

Motion stands.

APPOINTMENT OF GEORGE A. TOUCHE AND COMPANY AS AUDITORS

Hon. J. E. MICHAUD (Minister of Transport) moved the second reading of bill No. 77, respecting the appointment of auditors for national railways.

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

On section 1—Appointment of auditors.

Mr. GRAYDON: I take it that this is the same bill which has been before the house every year since this legislation was first introduced in 1936?

Mr. MICHAUD: Exactly, word for word.

Section agreed to.

Bill reported, read the third time and passed.

UNEMPLOYMENT INSURANCE ACT

EXTENSION OF PROVISIONS TO EMPLOYEES IN RECEIPT OF UP TO $2,400 A YEAR

Hon. HUMPHREY MITCHELL (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend The Unemployment Insurance Act to facilitate its operation and to extend its provisions to employees in receipt of remuneration up to $2,400 a year, under one or more contracts of service, thereby raising the present ceiling of $2,000 to the amount above mentioned.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, before the motion is carried, this brings up, of course, the whole question of the Unemployment Insurance Act. I should like to have a statement from the minister as to the underlying reasons for the introduction of this new extension of the principle of the Unemployment Insurance Act. I do not rise to make any objection to the provisions which the minister envisages in this resolution, but I would ask if there is anything in the bill in addition to the generalities set forth in the motion which is before the house. That is rather important.

Mr. MITCHELL: I could make a lengthy statement if my hon. friend desired, giving the whole background of the Unemployment Insurance Act, but this particular bill contains only one fundamental change in the operation of the act, namely, to increase from $2,000 to $2,400 per annum the earnings of those persons who may come within its orbit. I may say that this increase was recommended by the advisory committee on unemployment insurance composed of employers and employees, after public hearings had been held. That is all that is proposed, that one fundamental change in the application of the act, to increase the amount from $2,000 tc $2,400.

Mr. GRAYDON: The resolution states that the measure to be introduced is intended "to facilitate its operation." That was the point I had in mind. If the proposal is only a matter of raising the present ceiling from $2,000 to $2,400, it may not be necessary to have any lengthy discussion on it.

Mr. MITCHELL: That is the object.

Mr. GRAYDON: Is there anything else in the bill?

Mr. MARTIN: That is the main purpose, and it was agreed upon after hearings.

Mr. GRAYDON: May I ask under what auspices the hearings were held?

Mr. MITCHELL: I will answer that in committee. The Speaker is in the chair.

Motion agreed to and the house went into committee, Mr. Bradette in the chair.

Mr. HAZEN: When did these hearings take place of the advisory committee on unemployment insurance, as a result of which the committee made the recommendation to which the minister has referred? At the hearings did any employees appear who objected to this increase? I feel convinced that there are a great many people in the country earning $2,400 a year who will object most strenuously to coming under the act. Many are employed by companies who have insurance or pension schemes and are making contributions to those schemes, and it is going to be hard on them. If consulted they must have strenuously objected to being brought within the act.

Mr. MITCHELL: I have no knowledge of any representations made with reference to the increase from $2,000 to $2,400, but we have received representations from certain labour organizations urging that it be increased to $3,000. The figure $2,400 was decided upon after representations had been made by employers and employees who appeared before the committee. If I might express a personal opinion, I think it should be $3,000. In view of increased earnings in some sections of the country, the more persons we bring within the orbit of the legislation the more constructive the act will be, and possibly it will be helpful in the post-war period. After these extended hearings there was an agreement between the parties, employers and employees, through their representatives and $2,400 was agreed upon and recommended.

Mr. HAZEN: When did these hearings take place, and what labour organizations asked that the increase be made?

Mr. MITCHELL: Perhaps my best course would be to read the report in which a list of

the organizations is given. After that, if there is anything I can do to clarify matters I shall be glad to answer questions. The report reads:

To His Excellency
The Governor General in Council:

By order in council P.C. 10156 of January 7, 1942, the unemployment insurance advisory committee was instructed under the provisions of section 86 of the Unemployment Insurance Act, 1940, "to investigate and report upon the provision of unemployment insurance for all or part of the employments excepted from the operation of part II of the act by the said item (n) of part II of the first schedule by extending thereto the provisions of part II of the act."

Prior to this instruction, the advisory committee had discussed with the commission the problems of administration out of which the reference arose. The committee met in Ottawa to consider this reference on February 18 and 19 and March 16 and 17. In order that interested parties might have an opportunity to present their views, notices, in English and French, were printed in the *Canada Gazette* of January 31, 1942, advising such organizations or persons that the advisory committee would receive written representations and would hear those who desired to appear on February 18. The notice was drawn to the attention of all the larger organizations representing employers and employees and they were asked to draw it to the attention of the members. Those who made representations were subsequently advised that the advisory committee would continue its deliberations on March 16 and 17 and further written and oral representations were received. In all, representations were made by the following organizations:

Trades and Labour Congress of Canada,
Canadian Congress of Labour,
Confederation of Catholic Workers of Canada,
Brotherhood of Locomotive Engineers,
Order of Railway Conductors,
Brotherhood of Locomotive Firemen and Enginemen,
Brotherhood of Railway Trainmen,
Brotherhood of Maintenance-of-Way Employees,
Brotherhood of Railway and Steamship Clerks,
Canadian Manufacturers Association,
Canadian Chamber of Commerce,
Canadian Bankers' Association,
Canadian Life Insurance Officers' Association,
Dominion Mortgage and Loan Association,
Retail Merchants Association of Canada,
Montreal Board of Trade,
Toronto Board of Trade,
Calgary Board of Trade,
Hamilton Chamber of Commerce,
Windsor Chamber of Commerce.

I think that is a fair cross-section of the organized employers and employees of the dominion.

Mr. JACKMAN: Will the minister specify which of these organizations asked for an extension to $2,400 and which were against it?

Mr. MITCHELL: I shall come to that in the report.

At the request of the committee, the unemployment insurance commission submitted a statement of the administrative problems arising out of item (n) together with a report from its actuarial adviser on the results which might be anticipated from a removal of this exception.

Under the Unemployment Insurance Act, 1940, the highest earnings class for which contributions and benefits are prescribed is class 7, persons "earning $26 but less than $38.50 in a week or $2,000 a year." Among the employments excepted from insurance under part II of the first schedule of the act is: "(n) Employment at a rate of remuneration exceeding in value two thousand dollars a year or in cases where employment involves part-time service only at a rate of remuneration, which in the opinion of the commission, is equivalent to a rate of remuneration exceeding two thousand dollars a year for full-time service."

In considering the evidence and views placed before it, the advisory committee reached the conclusion that there were three groups of problems involved in this reference:

First, the administration of any such exception as that made by item (n) is fraught with difficulty and productive of undesired results in respect of employees whose weekly earnings fluctuate by reason of lost time, overtime rates, piece rates, production and other bonuses. An employee may earn from $35 to $45 a week depending on the supply of material, the amount of overtime, and the speed of work attained. In the weeks in which his earnings were $38.50 or more he would contribute nothing to the unemployment insurance fund, and would build no credit in benefits. In the weeks when his earnings were less, he must contribute out of that smaller income. In respect of those in this range of income, it is clearly undesirable that they should pass in and out of insurance as their weekly income varies. They should be insured continuously or not insured at all.

Second, since the enactment of this legislation and even since the beginning of contributions in July, 1941, weekly and annual earnings of many employees have risen. Icreases in basic rates, cost of living bonuses, and additional overtime have contributed to this. As a result, considerable numbers of workers, who it was thought would be insured, or who in the initial months actually were contributors, have found that their earnings are in excess of the maximum prescribed by the act and that they are thereby excluded from insurance. Nearly all such workers, whether in war plants or not, are in employments in which earnings and continuity and duration of employment have been beneficially affected by the war and will to un undetermined extent be adversely affected by the cessation of hostilities. They are in large part persons for whom the risk of unemployment is real and substantial.

A system of unemployment insurance based on graded contributions ending abruptly in a "ceiling" has these illogical results. As an employee in a middle or lower earnings group is able to improve his earnings by reason of scarcity of labour he moves up the contribution scale and greater reserves are provided in the fund against the time when he may be unemployed. An employee in a higher earnings group under the same circumstances will also increase his contributions but when he reaches the limit of the highest earnings group his contributions cease and he abruptly passes out of insurance unless he had contributed for one hundred and eighty days in the two years immediately preceding his claim for benefit. Substantial numbers of workers whose jobs will be in jeopardy

at the end of the war would thus be excluded from insurance were it not for the temporary provisions of P.C. 10156.

Third, quite apart from the increase in earnings, many workers are excluded from insurance by the exception of those earning in excess of $2,000. In some cases, these workers wish to be included; in others, they wish to be excluded. In some cases, their fellow workers think that they should not be exempt.

IV. Proposals made to the committee.

The proposals advanced by organizations in respect of these problems were of three types. The employee organizations representing the largest numbers favoured removing exception (n) altogether and insuring all employees regardless of earnings in respect of $2,000 of such earnings.

That is a cross-section of the opinion expressed by the employees' organizations.

This was generally opposed by employers' organizations. It was opposed also by some employee groups who preferred to be excluded from insurance since they considered their jobs were highly secure.

A second type of proposal was to raise the excluding figure ($2,000) in item (n) to such moderate degree as would take account of the war-time increase in earnings. There was no proposal to do less than this in practice though some considered that order in council P.C. 10156 was itself satisfactory and that no further legislation was necessary. These groups urged further that the period of experience under the act was too brief to permit of a sound recommendation on other than a war-time emergency basis.

A third type of proposal was to raise the excluding figure substantially from $2,000 to $3,600 or $4,800 and thus change the intended coverage of the act to include all employees except executives of the higher ranks. It was argued against such a change, as it was also argued against the first type of proposal, that it would bring under insurance many in highly secure employments, comparable, in security to the civil service, whose risk of dismissal, except for cause, was slight and who received on dismissal compensatory payments much in excess of what would be paid under the Unemployment Insurance Act.

V. The committee's views on the proposals.

In the course of its deliberations, it became clear to the advisory committee

(a) that if all employees with annual earnings exceeding any fixed amount are thereby excluded from insurance the commission will continue to encounter administrative difficulties as well as anomalies in the operation of the act. These would be reduced but would not disappear if the maximum earnings limitation were raised.

(b) that the complete removal of the earnings limitation would create other anomalies, since the present act is restricted in two ways on the model of United Kingdom legislation. Under the Canadian act certain relatively secure groups are excluded from insurance by item (n), the earnings limitation. Other relatively secure groups are excluded by other items in Part II of the first schedule. Any attempt to make the act universal in its application would require examination not only of item (n), as referred to the advisory committee, but also of all other excepted employments.

(c) that if the earnings limitation of item (n) were removed entirely from those employments in which, by reason of the basis of payment or fluctuations in the hours worked, earnings vary from week to week, the administrative difficulties occasioned by item (n) in its present form would in the main disappear and considerable numbers of workers subject to the risks of unemployment would be protected by insurance.

(d) that the general upward movement in employee earnings since the enactment of the legislation justifies some increase over $2,000 in whatever maximum earnings limitation is applied.

(e) that any raising of the earnings limitation would probably benefit the fund.

VI. Recommendations.

The advisory committee unanimously makes the following recommendations:

(a) that the Unemployment Insurance Act, 1940, be amended as follows: Second schedule (rates of contribution) earnings class No. 7 now reading "Earnings $26.00 but less than $38.50 in a week or $2,000 a year (First schedule (First schedule (n))" to read: "Earnings $26.00 or more in a week."

First Schedule, part II (excepted employments) (n) now reading:

"(n) Employment at a rate of remuneration exceeding in value two thousand dollars a year or in cases where employment involves part time service only, at a rate of remuneration which, in the opinion of the commission, is equivalent to a rate of remuneration exceeding two thousand dollars a year for full time service.

"Provided that any person in respect of whom contributions have been paid as an insured person for two hundred and sixty weeks may continue as an insured person notwithstanding anything in this paragraph contained."

To read

(n) Employment under one or more contracts of service at a total rate of remuneration exceeding in value two thousand four hundred dollars a year or in cases where employment involves part time service only, at a rate of remuneration which, in the opinion of the commission, is equivalent to a rate of remuneration exceeding two thousand four hundred dollars a year for full-time service.

Provided that any employment in which the contractual rate of remuneration is an hourly rate, a daily rate, a weekly rate, a piece rate, including a mileage or other rate, being a sum of money per unit of physical measurement of work accomplished or service rendered, or any of such rates in combination with other rates, shall, notwithstanding the amount of the remuneration, be insured unless otherwise excepted. And provided further that any person in respect of whom contributions have been paid as an insured person for two hundred and sixty weeks may continue as an insured person notwithstanding anything in this paragraph.

(b) that, when and if the Unemployment Insurance Act, 1940, is amended as recommended, order in council P.C. 10156 shall be rescinded.

The effect of such amendments will be to remove the maximum earnings limitation from all industrial employments except those of which the contractual rates of remuneration are based

on periods of time exceeding one week and to raise the maximum earnings limitation where it would still apply from $2,000 to $2,400 a year.

The committee is of the opinion that such action will remove most of the serious administrative difficulties, and will bring and retain under unemployment insurance substantial groups of workers without creating important anomalies by reason of the employments excepted by other paragraphs of part II of the first schedule.

In the proposed amendment of paragraph (n) the words "under one or more contracts of service" are inserted at the request of the commission whose assurance that they will clarify the clause and simplify administration is accepted by the committee.

The committee proposes to bring to the attention of the unemployment insurance commission the representations it has received concerning other excepted employments.

Respectfully submitted on behalf of the advisory committee,

W. C. Mackintosh,
Chairman.

Mr. HATFIELD: How much has been paid out, and how much has been collected to date?

Mr. MITCHELL: Mr. Chairman, I have been called to attend a special meeting of cabinet. I was wondering if I might be excused, and this matter continued at eight o'clock?

Mr. GRAYDON: I realize the urgency of the matter about which the hon. member has spoken. One of the cabinet ministers was good enough to speak to me about it. I would suggest that the minister might come on after the department succeeding him is completed. I think we ought to avoid breaking up our discussions any more than is absolutely necessary. Perhaps the Minister of Mines and Resources would go on until that department is finished.

Mr. CRERAR: Perhaps the Minister of Labour might be excused, and his parliamentary assistant might take over in the absence of the minister. If that understanding is agreeable, we shall proceed in that fashion.

Mr. GRAYDON: I have no objection to that.

Mr. JACKMAN: What is the ceiling in Great Brtiain and in other British dominions, particularly in Australia and New Zealand, where they have unemployment insurance measures?

Mr. PAUL MARTIN (Parliamentary Assistant to the Minister of Labour): I am afraid I have not any information for the hon. member respecting the situation in Australia. However, in the United Kingdom there is no ceiling for men who might be regarded as being engaged in laborious endeavour.

[Mr. Mitchell.]

Mr. JACKMAN: The reason I asked—and I should hope the parliamentary assistant might give us some information later—is that when the committee was considering the original bill in 1940 requests came from several miners' organizations that the limit be raised from $2,000 to $2,500, in order that they might come under the terms and, as they saw it, the benefits of the proposed enactment. That was, for good and sufficient reasons, turned down by the committee; and I believe the report of the committee at that time was unanimous. I am bearing in mind, however, that there has been some advance in wage rates since that time.

However, if I recall correctly—and I hope the parliamentary assistant will check me on this matter, because the incident is now some three or four years old—the reason why groups earning more than $2,000 were not included in the original unemployment insurance scheme was that the labour exchanges, which were an integral and important part of the whole enactment, did not feel that they could provide jobs for the type of men who would earn over $2,000 a year. It was considered to be more in the nature of a fairly well-paid job, rather than a matter of mass employment which could be dealt with suitably by the labour exchange. There must be some change in that situation now, if this is being applied.

In a constituency like mine I have a great many salaried people who would receive somewhere between $2,000 and $2,500. My understanding is that they will now come under the proposed amendment. Would the parliamentary assistant state how much a worker earning $2,500 will pay during the year? These are people of a class who are already making a real sacrifice in this time of war. This salaried class has not been receiving the wage increases which wage-earners, such as those in my own riding, have been receiving in order to cope with the increased cost of living, which to some extent is off-set by the cost of living bonus. Then, the wage-earners have benefited as a result of the longer hours they have been permitted to work, and the considerably increased rates of pay allowed.

Mr. MARTIN: It would cost about $18.72 a year.

Mr. JACKMAN: It is not as much as I thought it would be. Perhaps the hon. member will confirm that figure, if he has any doubt about it.

Mr. MARTIN: I am advised by our officers that it is fifty-two times thirty-six cents. I will send the hon. member the table of payments.

Mr. JACKMAN: If that is the total amount I shall not labour the point unduly. Nevertheless a great many people will now come under the limitation, when it is increased to $2,500. These people's jobs are not only relatively secure, I believe they are very secure. They receive lower incomes than they otherwise would, on account of the stability of those jobs, and, on account of the nature of their work, they are not likely to receive any benefits under the unemployment insurance measure. That is why I asked how many of the associations who delivered briefs at the time of the hearing were in favour of the proposal, and how many were against; and I should like to know the names of those associations.

I should think, for instance, there would have been a recommendation from the bankers' association. A manager in a small branch may not receive a large salary, but the bank provides well for his retirement. That man will now have an extra impost of $18.72 to pay. That is another bit out of his income, at a time when he is already scraping to make ends meet.

Then, I would ask the parliamentary assistant to bear in mind the fact that the person who prior to the war received $2,500 was relatively free from income tax. However, the income tax now reaches down to a much lower level, and the rate has risen so quickly that people are paying very high income taxes, with the result that their expendable income has been greatly reduced.

My understanding of the unemployment insurance legislation is that it is not only insurance for those who may lose their jobs. In it are included a great many classes of workers who have no fear or prospect of losing their jobs, and it is virtually a donation by every job holder in order to provide some insurance for those who may lose their jobs. The people in the higher brackets, above $2,500, are supposed to make their contribution to the steady work of their fellow men, or to afford them something when they are out of employment, through the higher scale of income tax they pay.

Mr. MacINNIS: I do not think much needs to be said about this amendment. It is a desirable amendment and should have the unanimous support of the committee. When the bill was before the special committee in 1940 numerous requests were made that the maximum should be raised, some hon. members suggesting a limit of $3,000 or $4,000. My memory is that the committee was favourable to increasing the maximum, but the government was opposed because the schedules had been worked out and the actuary claimed that it would upset the actuarial basis of the bill. I never thought that that was correct because the inclusion of these higher paid employees under the act would have benefited from an actuarial point of view. As the hon. member for Rosedale (Mr. Jackman) mentions, the purpose of the Unemployment Insurance Act is to spread the hazards of unemployment over all workers, those who have fairly permanent employment and those who have only seasonal or part-time employment. If we were to eliminate from the act those who are in the higher wage brackets, then we are making a case for excluding from the act those who are in sheltered employment. If the insurance scheme is to apply only to those who are bound to be out of work for part of the year, it would not be possible to make the rates high enough to carry the insurance on an actuarial basis. I insist that all workers should come under the act, that there should be no exception or no ceiling as far as annual wages are concerned. In the meantime I think it would be wise to accept this amendment. If the department or the government feel that the maximum should be increased, I think it will meet the wishes of the labour movement in general. I am in favour of the amendment.

Mr. GERSHAW: This resolution proposes an amendment to the Unemployment Insurance Act. I regret that the act cannot be further amended at this time because there is a great need in this country for insurance against sickness and invalidity. If a worker is injured and comes under the benefit of a workmen's compensation act, he has the chance of having an income, but if he is disabled on account of sickness, his income generally stops at once. Plans are under way for a comprehensive health insurance scheme and for other forms of social security, but this would seem to be the most suitable place to attach an amendment which would meet the hazards of sickness and invalidity in the homes of the workers.

Mr. GREEN: When the Unemployment Insurance Act was passed three years ago there was quite a lengthy debate about including loggers in British Columbia. At that time the government could not see fit to include them, but promised that an investigation would be made by the advisory committee which was to be set up. Could the parliamentary assistant tell us whether a report has been received and what is going to be done by the government with regard to the logging industry of British Columbia?

Mr. MARTIN: An interim report—it is more than an interim report, but that is the best way to describe it—has been received. Just as soon as it becomes administratively possible they will be included. Power is being sought under the proposed amendment by the unemployment insurance commission and the governor in council to include them at as early a date as possible.

Mr. GREEN: When is it expected that it will be possible to include them?

Mr. MARTIN: I would hope well before the next session of parliament.

Mr. JACKMAN: One of my colleagues asked how much had been paid into the insurance fund and how much had been paid out.

Mr. MARTIN: The payments in are as follows:

Employer and employee contributions	$ 93,871,960 55
Government contributions	18,774,392 11
Interest	1,861,625 09
	$114,507,977 75
Benefit payments	743,810 68
Balance	$113,764,167 07

The amount invested in government bonds as of May 15, 1943, is $107,376,737.57.

Mr. STIRLING: I understand the rate paid by the employee is thirty-six cents a week when he is earning $2,000.

Mr. MARTIN: That is the maximum, but it could be lower.

Mr. STIRLING: What would the employer's contribution be?

Mr. MARTIN: The employer's contribution would be twenty-seven cents maximum. The rates vary from eighteen cents minimum, in the case of the employer, to nine cents for the employed person, depending upon the amount of salary received. If my hon. friend cares to look it up, he will find this set out in the second schedule of the old act or at page ten of the present amended bill.

Mr. JACKMAN: The parliamentary assistant has not made it as clear as I should like to have it why the maximum was raised to $2,400 and not to $3,000, especially in view of the fact that the original request made when the bill was first discussed three years ago that the maximum be $2,500 was turned down. One of the chief reasons for turning it down was that the labour exchanges did not find themselves able to provide jobs for people in that range, because the jobs were too individualized once a man gets above $2,000. What is the present philosophy of the Department of Labour in that regard? If they have changed their ideas so far as providing jobs is concerned, why not raise the ceiling from $2,400 to $3,000 or some other figure.

Mr. MARTIN: The hon. member, I take it, was not in the house when the minister made his statement on that very point. He stated that, expressing his own wish, he would certainly agree to the $3,000 figure. The $2,400 figure was arrived at by the unemployment insurance advisory committee which held hearings at which employer and employee groups were represented, and the figure of $2,400 was the figure recommended to the minister on the basis of that inquiry. That is the reason why the $2,400 figure was accepted. It was the result of a compromise between employer and employee groups. So far as the minister himself was concerned, he said that he would have gladly gone to the $3,000 figure and expressed the hope that as many classes as possible could be brought within the act.

Mr. JACKMAN: I endeavoured to point out that the ceiling was fixed at $2,000 before, because the labour exchanges did not feel themselves adequate to providing jobs for workers above that figure because their jobs were too specialized. But you are now raising it to $2,400, and I want to know what the general principle is and whether the committee in charge of this matter feel that jobs could be provided for men in the $2,400 range; and if they can go that far, why not include men in the $3,000 range? I am interested in knowing the general principle behind the act, not what the committee's final decision was, but what their reasoning was for increasing the present ceiling to $2,400. Before the parliamentary assistant is through, I hope that he will let us know which of these associations were for and which against the ceiling of $2,400.

Mr. MARTIN: Replying to the last question, I have not that information before me. I would have to get it from the minutes of the committee, and that I shall endeavour to do. With regard to the other question, whether it is thought that jobs could be obtained, the answer is, yes.

Mr. JACKMAN: Through the labour exchanges?

Mr. MARTIN: Yes.

Mr. ISNOR: Pursuing further the question raised by the hon. member for Rosedale with respect to the representations made by various

bodies appearing before the advisory committee I have in mind the representations that were made by the Canadian Manufacturers' Association. If I remember correctly they were against unemployment insurance in the first instance, but finally they came in line with the majority and favoured its introduction, although they felt that the time was not opportune. That was in 1940. But when they made representations before this committee later on they did definitely take the stand that the ceiling should not exceed $2,200. Is there any record of their representations on that occasion? I should also like to know what were the representations made by the Retail Merchants' Association of Canada, along what lines they argued as to the amount that should be fixed.

I have always been in favour of unemployment insurance and have advocated it from the very first, but there has been considerable criticism of bringing under it clerks who are permanently employed. They feel that there is nothing they can look forward to in unemployment insurance. That feeling is widespread, and in view of that I should like to know what stand was taken by the Retail Merchants' Association of Canada when they made their representations.

Mr. MARTIN: The Retail merchants' association did not object.

Mr. ISNOR: But did they make any represntations one way or the other?

Mr. MARTIN: I have to answer my hon. friend as I answered the hon. member for Rosedale. I have not the minutes of the committee before me, but I hope later to be able to give the hon. member that information. The Retail merchants' association did not object to the final conclusion.

Mr. HAZEN: I understand the parliamentary assistant to say that over $93,000,000 had been contributed by employers and employees. Could he tell us how much has been paid in by employers and how much by employees? Or did he give those figures? If he did, I did not get them.

Mr. MARTIN: I have not the exact figures before me, but it breaks pretty much fifty-fifty. I will try to have the exact figures later for my hon. friend.

Resolution reported, read the second time and concurred in. Mr. Martin thereupon moved leave to introduce Bill No. 136, to amend the Unemployment Insurance Act, 1940.

Motion agreed to and bill read the first time.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Thursday, July 15, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF TRANSPORT

Transport services—
1. Departmental administration, $26,960.

Mr. STIRLING: Does the minister propose on this item to make a statement with regard to war expenditures?

Hon. J. E. MICHAUD (Minister of Transport): Mr. Chairman, there is no elaborate statement to be made about war expenditures of the Department of Transport. These are really incidental expenses in connection with the ordinary services, but additional services are being provided. They are merely increases in some of the branches: for example, transport controller, merchant seamen, canals service, marine service, and railway and steamship service, and a special item for railway equipment; providing for loans to the Canadian National Railways for two purposes, namely increasing the equipment, and the development of the Vermilion oil field.

I believe these estimates would be disposed of more quickly if on each item the desired information was requested, and I would attempt to give it.

Item agreed to.

Director of merchant seamen—
Headquarters administration, $73,190.

Mr. STIRLING: Would the minister give the committee some account of the progress being made by the director of merchant seamen particularly with regard to the schools of seamen which have been set up, and how they are prospering?

Mr. MICHAUD: As hon. members know, this service is required in order to furnish the supply of merchant seamen required for the boats which have to be manned from our several Canadian ports. Also the pool is operated to accommodate British as well as foreign seamen who arrive on our shores on either British or foreign ships. This is being done through a working arrangement with Britain, and the expenses of the upkeep and

payment of their basic wages while the seamen are here in the pool are reimbursed by Britain.

We have our pools in Halifax, Saint John, Montreal, and Vancouver, and we are establishing one at Sydney, a subsidiary pool to Halifax, in order to accommodate the merchant ships which come to that port. In each place we have what we think are, what we are trying to make, suitable quarters to take care of these seamen, who, when they arrive at our shores, never know, owing to the exigencies of war, when they will be called upon to go back. They cannot be expected to live on the ships, while they are waiting for the return trip. They receive their basic wage, and they are boarded and lodged in the pool until they receive employment. The great difficulty is to get trained officers in Canada. Heretofore we had a very small merchant navy. For the obvious reason that there was no great demand for officers, few of our boys trained. With the immediately increased demand we had to resort to Britain for our requirements, and I am happy to state that Britain has provided so far, and has given assurance that we shall be provided at least until September, sufficient officers to man the ships, and the crews will be Canadian. In view of the large requirements we have taken steps to provide for the training of some engineers and navigators. We have a school at Prescott, Ontario, and another school at St. Margaret's, Nova Scotia. Both schools have done exceedingly well and have provided quite a number of officers, who have been absorbed, as fast as they got their certificates, into our merchant navy. I may here give some details which might be of interest to the committee.

Each ship requires either forty-three or forty-seven officers and men. We get the officers from Britain and certified engineers and firemen from our schools. We expect that, if things go well, we shall have seventy-five ships manned by August—and not only manned, but sailing the high seas. We provide the ordinary seamen from Canada, and the officers, masters and other special officers, from Britain. The supply, as I have stated, has been practically guaranteed up to September next.

Mr. STIRLING: This is from the pools?

Mr. MICHAUD: No, the officers are not taken from the pools.

Mr. STIRLING: No, not the officers, but the men.

Mr. MICHAUD: All the men are taken from the pools.

[Mr. Michaud.]

Mr. GRAYDON: When the minister moved into his estimates on the Department of Transport war appropriations, I was out for a moment when departmental administration, which is the item upon which I should really be speaking, was passed. I had previously spoken to the minister and told him that I had a remark or so to make with respect to the general transportation situation, and if I may be permitted to give it now, I should like to do so.

Much has been said in the house from time to time since the war commenced about the major contribution being made on many sectors of our civilian front. I desire briefly to speak of and to pay tribute to the yeoman service being rendered by these scores of thousands of our Canadian people engaged in the railway transportation services of Canada. In my young days I had the honour of being an employee of one of the Canadian railway systems. I know something of the esprit de corps and the tradition of the railway transportation services, and I felt that I could not let this opportunity pass without saying a word on behalf of a great and important section of our people who on the civilian front are rendering a magnificent service under most difficult and trying conditions.

We take these services, I fear, too much for granted, largely because they operate without seeking to draw the attention of the public in any comprehensive way to the work which they are quietly and constantly performing.

Outside of agriculture, railway transportation is perhaps Canada's biggest war industry, and has shouldered a burden of war activity the extent of which few people in this dominion seem to realize. In 1939, the year war was declared, our Canadian railways carried 17,000,000 passengers, while in 1942 the number had increased to 42,000,000. Strained as the facilities were to meet these constantly increasing demands, with a man-power situation which left much to be desired, the employees of our railways may take much pride in the fact that, out of the 42,000,000 passengers carried last year, only 380 lives were lost from one end of Canada to the other in railway accidents. If we bear in mind the swollen conditions of passenger traffic, and the added responsibility of moving special troop trains, the loss of life is amazingly small, constituting less than one person in every 100,000 persons carried. The efficient care and constant concern of the railwaymen for the safety of their passengers has been so maintained in these war years that the ratio of death through accident is actually much lower than it was in the leisurely years of peace.

In 1939, our railways carried 69 million tons of revenue freight; in 1942, this was increased to 107 million tons.

What more could be asked of, and what more could be given by these loyal employees of both railroads? They deserve the undying gratitude of a thankful Canadian people who have seen them measure up on the civilian front in the same way as their brother-employees are doing on the sea, on the land, and in the air in our armed forces.

Among Canadian National employees who have joined up, there are in the navy sufficient to man nine destroyers; enlistments in the active army are sufficient to form six infantry battalions; and Canadian National men in the air force would establish eleven air squadrons. Add to this, 1,000 officers and men of the Canadian National Steamships on active service on all the seas.

As of November 30 last, which is the last record I could obtain, and perhaps these numbers must be increased because of lapse of time, Canadian Pacific Railway employees enrolled in the armed forces from the eastern and western lines, and from the overseas office included: 4,263, army; 1,039, navy; 1,622, air force and 586 others, making a grand total of 7,510. On active service from Canadian Pacific Steamships, express and air lines, there are another 6,087.

On the war front, and on the home front, Canadian men of the rails are giving their best, are giving their all, in the cause for which this nation fights so that it may be brought to a successful conclusion.

Hats off! to the railway employees of Canada. No tribute which this House of Commons or the people of Canada can pay them will do justice to the contribution which they are so quietly but so effectively making at the present time.

Mr. STIRLING: I had hoped that the minister, in describing what had been accomplished by the director of merchant seamen, would tell the committee something with regard to the school recently set up to which youngsters can go and be trained.

Mr. MICHAUD: I was about to come to that. I was going to describe the way we are trying to recruit crews for our Canadian-built ships. We have two training schools, one marine engineering instructional school, opened on January 1, 1942, at Kingston, but transferred on April 1 of that year to Prescott, Ontario, in a government-owned building. We have been training boys in marine engineering, the capacity being eighty trainees each six weeks, although the average has been about sixty. I am glad to be able to say that these boys have all been absorbed and have given excellent service, and had it not been for these facilities we would not have been able to get the engineers required. The age limit is from eighteen to thirty.

Mr. STIRLING: What length is that course of training?

Mr. MICHAUD: Six weeks. While they are in that school they are lodged and fed. After they graduate from that school, if we have not immediate employment for them they are transferred to the manning pool waiting to be called for service. Besides this school at Prescott, we have one at St. Margaret bay, at Hubbards, Nova Scotia. It was opened in July, 1942. The capacity is 115 to 140 trainees over a thirteen-week period. The age for admission to the school is from seventeen to twenty-two. So far we have had an average of about 125 for each course, and these graduates have volunteered for service on completing their course. These are the two schools that are operated under the director of merchant seamen for the purpose of giving initial training to boys and men for the Canadian navy.

Mr. STIRLING: With regard to the second school the minister mentioned, does he mean that 125 are turned out every thirteen weeks?

Mr. MICHAUD: Yes.

Mr. MacINNIS: I wish to draw to the attention of the minister complaints that were forwarded to me by certain persons on behalf of the crew of the ss. *Lady Laurier*. The minister will recall that members of the crew of this ship some time ago staged a walk-out on account of the conditions prevailing on the ship.

I have a statement signed by two members of the crew which I should like to read to the committee. This indicates conditions which in my opinion are really disgraceful and which should not be tolerated if we are to have any hope of building up a merchant marine in this country. Though I did not go into the question of working conditions when we were dealing with questions of transport on the estimates of the Department of Munitions and Supply, I may tell the committee that practically the same conditions prevail on the Pacific coast. This statement reads:

To whom it may concern:

We, the following members of the crew of the ss. *Lady Laurier*, operated by the Department of Transport, do hereby swear the following to be true and correct.

After we had protested on several occasions against the wages and conditions on the above

mentioned vessel, we gave fourteen days' notice of our intention of leaving the job, unless the said wages and conditions were improved. At the end of that time we signed off the articles, leaving the ship.

Having left the ship, several of us attempted to obtain employment on other ships through the selective service. We were told by the local agent of the selective service that we must either return to the *Lady Laurier* or go into the army.

Although only seven days' notice were required to leave a job and we had given fourteen days' notice, we were refused good discharges, were reported "DR" as to character.

I do not know what those two letters mean in seafaring parlance.

This discharge was issued without any shipping master being present, although the Canada Shipping Act states very clearly that it is an offence to give any such bad discharge unless entered in the official log of the ship and issued in the presence of a shipping master.

As I have already said, this statement is signed by two members of the crew. I should be glad if the minister would make a statement in regard to these charges.

Mr. MICHAUD: I have never seen the declaration which has been read by the hon. member. If the members of the crew of S.S. *Lady Laurier* presented their case to their superior officers of the naval service of the Department of Transport, their grievance never came to my attention until a copy of a letter written by an officer of the Canadian Seamen's Union in Halifax to a member of this house was shown to me, in which letter this gentleman, acting in behalf of allegedly dissatisfied seamen, brought their case to the attention of the hon. member in question. When the matter was brought to my notice a few days ago I made some inquiry and found that on June 3 a certain number of the crew of the S.S. *Lady Laurier* informed the master that they would not proceed on the next trip unless they were granted a bonus of $44.50, which bonus should not be subject to the income tax. On the return of the *Lady Laurier* to port, these men were informed that their demand for an increased war bonus could not be met, and then on June 11 fifteen left the ship. They received discharge certificates marked "DR", which in the naval vernacular means "declined to report." The men were directed back to the ship by national selective service, a few days later, and apparently have resumed their work, and I have not heard from them except through the hon. member for Cape Breton South and this afternoon through the hon. member for Vancouver East. It is possible that these dissatisfied members of the crew of the *Lady Laurier* brought their grievance to the attention of the master, but the facts which I have related were brought to my notice only a few days ago.

The allegations set out in their sworn declaration are substantially what has been reported to me by the officer of the marine department. Their wages could not be increased on demand, because they are subject to the war labour board and also to the schedule of pay received by all seamen on government boats. I know that some of these ordinary seamen feel that they should receive higher wages, and in some respects I am inclined to agree with them. So much so that when this matter was brought to my attention I caused some action to be taken with a view to increasing some of their allowances as much as was permissible within the rules. If this cannot be done to the extent I feel it should be done, then the matter will be brought to the attention of the war labour board and a request will be made for the increase which I believe they should be given.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MacINNIS: I should like to continue with respect to the matter I was talking about when the committee rose at six o'clock. I believe the minister said that after making some investigations in regard to the walk-off by the employees or sailors on the *Lady Laurier* he was satisfied there was some ground for complaint. I hope the minister, having come to that conclusion, will see that the abuses are rectified. Indeed, my opinion is, and I think it will be substantiated by any comparison of wage rates on Canadian and United States ships, that conditions and wages on Canadian ships are no credit either to the Canadian government or the people of Canada.

I will just give the minister and the committee a few figures with respect to wages paid on the ss. *Lady Laurier*. A fireman receives $80 a month. Added to that is board amounting to $19.50. Then, there is a bonus of $13.60, making a total of $113.10. But by the time the fireman is paid his wage, with the various taxes and deductions amounting to $43.80 he has only $69.30 left for the month. I think the minister will agree with me that that is not sufficient for a working man to live on.

In the month of June, the month in which the dispute on the *Lady Laurier* took place, the men had worked twenty-seven days on the ship. All in all, able seamen on the ship averaged fifteen hours a day. That is, for the twenty-seven days in June they worked 374 hours. For that they received a pay cheque amounting to $53 and a few cents. Is it any wonder that the dispute developed, and that the men gave notice to quit? May I point out that the men did not strike. They gave fourteen days' notice, although only seven days is required by law. Yet, when they went to apply for other jobs the selective service would not place them. In other words, one department of government pays such miserable wages people cannot live on them, and another department of government, after the employees have carried out all the instructions under the law, refuses them the protection of accepting other work. They were told, "You go back on the job, or go into the army." I say to the minister that that is not good enough. It is not the sort of thing for which the young men of our country are spilling their blood in Sicily to-day.

Would the minister inform the committee as to the amount of the war risk bonus paid on the *Lady Laurier?*

Mr. MICHAUD: Does the hon. member mean the war risk bonus?

Mr. MacINNIS: Yes.

Mr. MICHAUD: The war risk bonus is twenty-five per cent of the basic wage. I am afraid the information the hon. member has just presented to the committee does not conform with the information I have just received regarding the same situation, and having to do with the men on the steamship *Lady Laurier* who were dissatisfied. My information is that these men did not work 374 hours, as was mentioned by the hon. member. I am told that in May they worked 266 hours and in June, 242 hours, a daily average of slightly over eight hours. This works out at approximately forty-two cents an hour for May and forty-five cents an hour for June, for the actual time worked during those two months.

With respect to the complaint by a fireman regarding a large deduction from his pay cheque in June, I would say that in compiling his wages, or the different figures which make up his wage cheque, he did not take into account the deduction of $19.50 for his board, which was not paid to him but was paid to the steward of the boat, and also his basic wage rate plus war risk bonus and cost of living bonus. Also there was a retirement fund deduction of $4. It is not fair to claim that that was taken off his cheque. It was simply held back, to be paid to him later on. I am informed that the actual deductions amounted to $24.30. Of that sum, $20.30 was for income tax, and $4 for retirement fund. So that instead of a deduction of $43.80, the actual deduction from the pay cheque was $24.30.

Mr. MacINNIS: The $19.50 does not matter so much, because it is counted in his wage in one place, and counted as a deduction in the other. So that the man will have a wage of $80 and a bonus of $13.60, making a total of $93.60. The income tax was $20.30, which left him $73.30. What is the war risk bonus on the Pacific coast?

Mr. MICHAUD: The war risk bonus for Canadian government merchant ships is $44.15. The *Lady Laurier* is not a merchant ship; she is a buoy-lifting ship which is doing some work on the coast and in the gulf of St. Lawrence. The figures for firemen, both single and married, are as follows:

	Single		Married	
Basic wage	$80 00		$80 00	
Cost of living bonus	13 60		18 42	
Board allowance	20 15		20 15	
War risk bonus	10 64		10 64	
		$124 39		$129 21
Deductions:				
Income tax	$24 10		$13 40	
Retirement fund	4 00		4 00	
Board allowance	20 15		20 15	
		48 25		37 55
		$ 76 14		$ 91 66

Mr. MacINNIS: Has the war risk bonus on the *Lady Laurier* been increased since this complaint was made?

Mr. MICHAUD: Negotiations are under way for increasing the war risk bonus, but I do not think the order increasing it has actually been made.

Mr. MacINNIS: Some weeks ago I directed attention to the difference in wages paid by the Park Steamship company—that is on government boats—and privately-owned ships on the Pacific coast. I should like to make another comparison. Sailors on the Pacific coast operating Canadian ships continually meet sailors from United States ships and of course working conditions and wages are compared. I should like to put on the record the wages paid by privately-owned Canadian ships on the Pacific coast, and those paid by United States ships, and I would ask hon. members to note also that the rates paid by the Park Steamship company are considerably less. These are for privately-owned ships, not government-owned. The wages are:

	Canadian	United States
Quartermaster	$80 00	$105 00
Winchman	80 00	110 00
Able seaman	75 00	100 00
Ordinary seaman ...	55 00	82 50

The wages paid by the Park Steamship company are less than those paid by privately-owned ships and are little better than one-half what are paid on United States ships. When you come to the officers the situation is as bad, if not worse. The salary paid to the master of a United States ship is not given, but the master of a Canadian ship receives $250. The other officers are paid the following:

	Canadian	United States
First mate	$165 00	$316 25
Second mate	135 00	253 00
Third mate	110 00	224 25

The wages paid to below-deck officers bear the same relation to each other. I suggest to the minister that he should take some steps at least to bring the wages paid by the Park Steamship company into line with those paid on other Canadian vessels.

Mr. NEILL: Since this item has to do with merchant seamen, I presume I am in order to speak on it, although I did not know that the Minister of Transport had anything to do with this subject. It appears that on December 19, 1942, order in council P.C. 11397 was passed. Perhaps I might invite the attention of the Minister of Justice (Mr. St. Laurent) to this, because it seems to be under his jurisdiction. Apparently there had been an order passed some eighteen months before that, known as the merchant seamen's order. The purpose of it was to expedite the departure of ships, but apparently it was not working very well for it was amended five times. Then, in December last they wiped out the whole thing and started afresh. My opinion is that they have not made things much better.

The order works something like this. The Minister of Justice may nominate two men, and two men only, to compose a committee of investigation which may inquire into the conduct of any seaman, picked up when and where you like. This investigation is preliminary to an inquiry which may be held later on. One man represents the naval services and the other the Royal Canadian Mounted Police, but it really means that one man is the committee, because subsection 3 of section 3 of the order states that the naval service man shall be the chairman and his decision shall prevail. In other words, he is the whole committee. As I say, this committee has authority to investigate the conduct of any seaman wherever he may be.

The evidence may be taken by way of affidavit. Any lawyer will know how unfair that type of proceeding is to the accused, because the man who is giving the evidence by affidavit cannot be cross-examined, and there is no chance to have him modify the affidavit which he may have made weeks or months before. The case might arise when some captain or mate is busy loading a ship and is anxious to get away. A seaman comes along, perhaps after having a drink or two, and gives the officer some impudence. Next day the officer goes and makes an affidavit, but the case does not come up for a week or a month. By this time the officer may be at sea, and the affidavit cannot be modified as perhaps he would like to do. As I have said, there is no opportunity to cross-examine. It will also be remembered by those of us who are familiar with the naval and marine services that there is a vast difference in discipline between the two. Is it not Shakespeare who says:

> That in the captain's but a choleric word,
> Which in the soldier is flat blasphemy.

In any of these shipping towns you can hear language among seamen which would be very different from what would be allowed in the naval service. Their relationships are much more easy in the merchant service.

This investigation is to determine whether a prima facie case has been made out against the man, but nine times out of ten the man

is not there and knows nothing about it, and the investigation is held in his absence. This investigation is held on the strength of the affidavit of a man who made it weeks or months before and has probably gone away and forgotten all about it, or, if he thinks about it, wishes he had not made it.

I particularly call attention to the circumstances under which the committee can order a man arrested. He is not summonsed; he is arrested and put in gaol. Under the various subsections of section 6 of the order this one-man committee can issue an order to arrest a seaman if this one-man committee is satisfied—that is the criterion—that he is "likely to be" responsible for causing any delay in the departure of a ship or is "likely to refuse" to sail on a ship or is "likely to refuse" to perform his duties on a ship or is "likely to induce" other seamen to interfere or is "likely to carry on" any subversive activities. The committee does not have to be satisfied that the man has done any of these things—not for one minute. It has only to be satisfied in the man's absence that he is "likely" to do them. I suppose the committee looks at a man's photograph and says: "This is a bad man; we do not like his looks; we will send him to gaol because he is 'likely' to do anything." We are all "likely" to do anything, and if all of us here had to go to gaol because of things we are "likely" to do, it would be just too bad.

A sailor can be arrested without warning simply because this one-man board thinks he "is likely to" do something. Is it anything approximating British justice to arrest a man because somebody thinks he "is likely to" do something wrong?

Having ordered the man's arrest, the committee finds a prima facie case against him and submits it to the board of inquiry. The board of inquiry is appointed in the same way —no; it is even worse because the procedure there is this. The board of inquiry supposedly consists of a representative from each of three different departments, but it is provided that two will suffice and that where a quorum consists of two only, the decision of the chairman shall prevail. Another one-man court, and it all boils down to an officer in the naval service.

It is also provided that the original committee, or one member of it, shall be a competent witness before the board of inquiry. There is another case of making the thing a hole-in-the-corner affair. There again the board is empowered to convict this man just because he is likely to do something or to refuse to do something. How in the name of providence can you know what a man is likely to do until you tell him to do it? You take a look at him, I suppose, and say: "He is bad medicine; we will put him in gaol for three months." They can give him three months in gaol, but before the end of the three months he is brought forward again, and after taking into account the seaman's "attitude"—they take a look at him, I suppose, and say, "we do not like his looks"—if he comes up smiling, he is impudent, and if he looks gloomy, he is sullen —in any case he is a bad egg—after taking into account his attitude, if they think his attitude is not exactly what they like, they can send him back to gaol for six months. It is three months the first time, then six months, and if a total of nine months is not enough they can recommend his internment. They can at any time adjourn, and in the meantime the seaman has to stay in gaol. There is no sworn information laid as we know it in ordinary cases. There is no trial by a magistrate. The trial takes place before this self-appointed board of inquiry where the seaman has no advocate and no choice at all. He is not tried before an ordinary magistrate. Does not magna charta preserve the right of everybody to be tried before a jury of his peers? Can you call a naval officer a suitable man to be the peer of a seaman in the merchant service? I am not a lawyer, but I can see that there is no protection there for the seaman.

I would ask, is this procedure fair; is it just, or is it justified? Because some drunken sailor, perhaps meeting the mate off his ship in a saloon, using sailor language says to him that he will be so-and-so if he sails under such a slave driver, he can be railroaded into gaol for nine months and interned thereafter.

I am not exaggerating at all, because the committee:

> . . . may in any case wherein an investigation has been conducted, direct in writing that any seaman be temporarily detained, if it is satisfied that there are grounds for believing that such seaman—

Remember it has only to be satisfied that there are grounds for believing; it has not to be convinced at all.

> (a) has been responsible or is likely to be responsible for causing delay in the departure of a ship.

A telegraph boy carrying a telegram may delay the sailing of a ship. Is he to go to gaol or be interned? Then (b):

> (b) has deserted or is absent without leave in Canada from his ship.

That is reasonable. Then (c):

> (c) has refused or is likely to refuse to sail on a ship;
> (d) has refused or is likely to refuse to perform his regular duties on board a ship;

(e) has induced or attempted to induce, or is likely to induce or attempt to induce other seamen to interfere in any way with the proper operation of the ship.

If one man says to another, "This is a h—— of a hole," that, I suppose, is attempting to induce another seaman to interfere with the operation of the ship. Then (f):

(f) has carried on or is likely to carry on any subversive activities, whether on board his ship or otherwise.

And then the same process is repeated all over again. We are supposed to be fighting a war for liberty. I remember that some years ago the then Minister of Mines and Resources, at the instigation of an Indian agent, brought in a bill making it a criminal offence liable to six or twelve months in gaol for a man even to think of holding a potlatch, which is an illegal ceremony, banned by the government, quite properly, in connection with certain Indian rites. That was to give the Indian agent some help in securing a conviction, because before that you had actually to catch the Indians doing it. So that he got the government to bring in this clause which said that a man could be hauled up and punished if he only had it in his mind, and the person who decided whether it was in his mind or not was the Indian agent who had him arrested. If you call that British justice! It only had to be presented to this house to be laughed out of court; it was so utterly against every principle of justice. Suppose there has been some trouble with a ship getting away; then by all means punish people who do anything subversive in the way of holding up a ship or trying to induce other men not to work; but why should a seaman be subject to all these restrictions and injustices? Are we to go back 200 years, and restore the methods of the press-gang, when they went along and dragged away a likely-looking man and put him in the hold and he found himself 200 miles at sea a day or two later. They used to do those things, but we do not do them now. Why should we inflict such a severe penalty without anything being proved against a man except that he may be likely or he is likely to do so-and-so? I do not expect the Minister of Transport to answer; possibly he knows nothing about it; but I should like the Minister of Justice to give us his idea as to whether he thinks that is justified.

Mr. MICHAUD: I did not catch the first few sentences that the hon. member stated. Would he be kind enough to give me the number and the first few words of the order in council of which he is complaining?

Mr. NEIL: Yes.

[Mr. Neill.]

P.C. 11397

At the Government House at Ottawa

Saturday, the 19th day of December, 1942.

Present: His Excellency the Governor General in Council:

Whereas by order in council P.C. 2385, dated 4th April, 1941, an Order Affecting Discipline of Merchant Seamen was made, to be cited as "The Merchant Seamen Order"—

That is under the authority of the governor general.

And whereas the purpose of the said order is to prevent delay in the departure of merchant ships from Canadian ports during the present emergency, and to provide that if delay occurs or is anticipated as being likely to occur by reason of the activities of a member or members of the crew of any such ship, there can be taken in respect of such member or members of any such crew such action as will prevent delay in the departure of any ship, and which will serve as a deterrent to members of the crew of any other such ship who might contemplate like activity.

Mr. MICHAUD: I think that explains the reason for the order in council. That is a war measure, passed to prevent mutiny, delays in sailings or departures from ports, through some members of the crew who might be on board as spies, or unfriendly, thereby developing a situation which would hold up the whole crew and the boat. These rules are made to assure the disciplining of that person or those persons, and at the same time prevent during war time the delaying of merchant ships which might have to depart at a certain moment and, indeed, must depart at the moment which is stated, on account of the difficulties of sailing on the high seas through enemy interference. The order is made for that purpose. It is a war order.

Mr. NEILL: The minister used the word "mutiny." Lord bless me; we have never been in sight of mutiny. It says, if you are "likely to do" these things, "likely to refuse" to sail—

Mr. MICHAUD: Well?

Mr. NEILL: Not, that the man has refused to sail—

Mr. MICHAUD: That is mutiny.

Mr. NEILL: —but that he "is likely to." Has anything happened in the last few years in connection with sailing ships which would justify such an extreme measure? I recall an occasion when a Turkish sultan boasted to the English ambassador, "I know how to stop crime. There was a baker discovered giving short-weight in his shop one day, and we put the baker in his oven and baked him, and there has not been any case of short-weight

since then." But that was a long time ago, and that is not the British system of doing things.

Mr. MICHAUD: My hon. friend understands that during the war all kinds of nationalities are represented in the crews of these ships. When foreign ships or British ships arrive at the port of Vancouver or Halifax or Saint John we do not know the character and background of these men. This was passed to prevent any possibility of any one or two or more men on board a ship holding up the ship for a few days and preventing its sailing when the road is clear.

Mr. NEILL: The minister says that we do not know the background of these men, and their character, and what they are likely to do. I do not know the background of half the hon. gentlemen in this house and I do not know what they are likely to do.

Mr. GRAYDON: You have a pretty good idea in some cases.

Mr. NEILL: We do not know what we would do under temptation. Some of us are likely to do anything.

Mr. MICHAUD: My hon. friend does not suggest that we apply these rules to the members of this house.

Mr. NEILL: Absolutely. If it is good for one man it is good for another. You cannot show that there is any mutiny or delay on ships, and you are taking an enormous power which cannot be justified. I will sit down and say no more if the minister says that it is a square deal. I ask him if he thinks it is.

The CHAIRMAN: Carried.

Mr. NEILL: Never mind its being carried.

Mr. ST. LAURENT: Has the hon. member any factual case to which have been applied any regulations which would violate the rights of a man concerned? It sometimes happens that these war orders are drawn by gentlemen who have recently come into the service and who make them just as stringent as the English language can provide. I have been concerned about the terms of some of these orders. I have had a number of them redrafted, and have expressed to those who are charged with enforcing them that mere convenience was not enough to justify departure from the ordinary rules of procedure, that it is only when it is necessary for the security of the state that there should be any such departure, and many of them have been "toned down," shall I say, in expression. If the hon. member knows of any case to which rules have been applied which have really prejudiced the man's rights and the manner in which he should be treated, I should be glad to know the facts and I would at once follow the matter up—

Mr. GRAYDON: You might tone it down a bit.

Mr. ST. LAURENT: —and point out how this power should be used. I have had to make, at the request of the Minister of National Defence for Naval Services, quite a large number of appointments to committees of this kind, and no instance has been called to my attention of harsh or unfair treatment having been meted out to anyone. But even that, I would admit, would not justify some of the terms which apparently are included in this order. I do not remember when it originated, but had it been one of the orders submitted to the department recently for redrafting it would not be in that form; and had there been any case in which a man's rights have been interfered with it would have come to my attention.

Mr. NEILL: Not necessarily. The statement made by the Minister of Justice is entirely satisfactory to me. If he makes the statement that he will look into that particular order in council I shall be quite satisfied with what he does with it. I have not any specific case before me. I am not familiar with what goes on around Montreal, or even Vancouver, but the very fact that the order is in effect indicates that it will be used from time to time. If the minister will look at it and agree, if in his judgment it is necessary, that it be redrafted, I would be perfectly satisfied.

Mr. MICHAUD: Since the order has been passed, no case has been brought to the attention of the Department of Transport where any seaman has had occasion to complain, or where it has been necessary to apply these rules.

Mr. NEILL: But take a man from Yugoslavia, or Russia, or Liverpool as far as that goes, and he gets a raw deal in Montreal or Vancouver; can the minister tell me what facilities an ignorant man has for reaching him?

Mr. MICHAUD: I think they can find channels, and they do complain.

Item agreed to.

5. Marine service—

Marine service steamers including reconditioning of C.G.S. *Lady Grey,* and war risk bonus, $275,000.

Aids to navigation, $50,000.

Compensation to Canadian crews for loss of personal effects, $100,000.

Nautical services, $63,460.

Mr. REID: Can the minister tell us the number of Canadian crews, and the amount of money paid last year for compensation? I notice in the estimates this year there is $22,000 odd of an increase. How many seamen received compensation, and what is the total amount paid?

Mr. MICHAUD: In 1940-41 there was an expenditure of $4,972; in 1941-42, $21,649, and in 1942-43 the expenditure was $77,893. The total is $104,514, the average being $135 per claim.

Mr. REID: How many claims were there?

Mr. MICHAUD: I have not the number of claims, but the average was $135.

Mr. MacINNIS: This is a queer mixture of items; marine service steamers, including reconditioning of C.G.S. *Lady Grey,* and war risk bonus. Would the minister give a breakdown of the item. How much is for marine service steamers, how much for reconditioning the *Lady Grey,* and how much for war risk bonus?

Mr. MICHAUD: The amount estimated for this year is $275,000. The estimated requirements will be for the Canadian government steamship *M. B. Maclean,* $30,000; C.G.S. *Brant,* $11,150; Canadian government steamship *Druid,* $18,850; operating costs of miscellaneous steamers to cover out-of-pocket expenses, extra fuel and supply while engaged in incidental war work for Department of National Defence, navy, air and Newfoundland government, salvage by civic authorities, which are not provided for in the regular vote. At Halifax we have the *Franklin,* the *Lady Laurier* and the ice-breaker *Sorel;* at Saint John, the *Dollard* and the *Laurentian;* at Quebec, the *Bernier* and the *Ernest Lapointe;* at Montreal, the *Safeguarder;* at Prescott, the *Granville;* at Parry Sound, the *St. Heliers;* at Victoria, the *Estevan,* and at Prince Rupert, the *Alberni,* $50,000. The estimate for repairs is $25,000, and the allotted amount for unexpected extra costs, $15,000. Of course the *Lady Grey* had to be reconditioned, and the amount estimated to be spent on her was $25,000.

Mr. MacINNIS: How much is for war risk bonus? There cannot be very much left.

[Mr. Michaud.]

Mr. MICHAUD: The amount for war risk bonus is $80,000.

Mr. REID: Where is St. Charles river?

Mr. MICHAUD: That is near the city of Quebec.

Item agreed to.

6. Railway and steamship service—

Degaussing equipment for Canadian registry vessels, $300,000.

Additional harbour facilities at Halifax, $481,000.

Assistance to Canadian National Railway for development of Steep Rock mines, $400,000.

Refloating and repairing ss. *Cornwallis,* damaged by enemy action, $600,000.

Government Employees' Compensation Act—administration, $61,500.

Mr. REID: How many vessels were degaussed last year? Is it the policy to degauss all vessels of Canadian registry? What is the average cost?

Mr. MICHAUD: The Canadian government absorbs the total cost of degaussing all Canadian registered ships as well as foreign conflict vessels either seized as prizes or requisitioned by the Canadian government, which have been or may be fitted with special defence apparatus. This applies to all ships of Canadian registry and foreign ships either seized or requisitioned.

Mr. REID: I notice that assistance is being given to the Canadian National Railways to the extent of $400,000 in connection with the Steep Rock mines. I am not objecting to the appropriation to put the line through, but that should come under ordinary estimates.

Mr. MICHAUD: First, as to degaussing, the total number of ships last year was twenty-six.

Mr. REID: And as regards the Canadian National appropriation, I suggest that that is hardly an expenditure that should come under war appropriation. It is a long-term expenditure for plant.

Mr. MICHAUD: This is an expenditure that need not necessarily be paid except in instalments on requisition from Canadian National Railways. It is an advance to the Canadian National Railways.

Mr. COLDWELL: Do I understand that this is an advance for the current year and that further payments are to be made?

Mr. MICHAUD: This is an estimate for the current year.

Mr. COLDWELL: But that will go on for several years.

Mr. MICHAUD: No.

Mr. COLDWELL: What is the total amount that will be paid on this account? Is this an instalment?

Mr. MICHAUD: This is the estimated cost of construction of a spur line to the main line of the Canadian National at a point 150 miles west of Port Arthur to the Steep Rock mines property. The estimated cost is $400,000.

Mr. COLDWELL: That is the total cost?

Mr. MICHAUD: Yes; that is the total cost.

Mr. ISNOR: I should like the minister to break down the item of $481,000 for additional harbour facilities at Halifax.

Mr. MICHAUD: The original estimate was $281,000, and it is represented that an additional $200,000 will be required to complete the work.

Mr. ISNOR: What particular work is it?

Mr. MICHAUD: The break-down is as follows: construction of scows, $30,000; repairs to scow dock, $15,000; rental of tugs, $36,000; miscellaneous and unforeseen expenses, to provide for new works and improvements that may be authorized during 1943-44, $200,000, making a total of $281,000. The $200,000 estimated for further requirements will be in connection with the construction of living accommodation for additional freight handlers and stevedores.

Mr. JACKMAN: In connection with the item of $400,000 in regard to Steep Rock, is there any provision for getting that money back as ore is shipped over the line, and does the money go to the Canadian National or does it come back to the government indirectly, through the Canadian National?

Mr. MICHAUD: It is an advance of capital to the Canadian National Railways in order to make possible the building of that spur line. As no doubt the hon. member is aware, the cost of this work is to be refunded to the Canadian National Railways by Steep Rock Mines Limited, when it is in operation, at the rate of twenty cents per ton. Here are the details. This is to help meet the cost of construction of a spur from a point on the main line of the Canadian National railway about 150 miles west of Port Arthur to the Steep Rock Mines company's property near Atikokan, and the construction of an ore dock at Port Arthur. The estimated cost of these facilities is from two to two and a half million dollars; such sums or amounts as may be earned by the railway company in respect of assistance toward the transportation of ore, to the extent of twenty cents per ton on the first five million tons of ore handled, subject to having reserved therefrom an amount of six cents per ton to be applied to amortization of the cost of construction of the above mentioned spur and ore dock. There will be six cents per ton retained for the amortization of the cost of building the dock and the spur line.

Mr. JACKMAN: Does that six cents go to the Canadian National, and is it in turn refunded to the government? In regard to the $400,000, does the government take back a note from the Canadian National, or is it simply a war expenditure for which no tangible evidence is retained by the government? What are the transactions when you deal with this $400,000? Do you simply give it to the Canadian National for the construction of the spur line, or do you take back a note from the Canadian National, which note will be liquidated out of the six cents per ton on the ore which may be handled in future?

Mr. MICHAUD: We make a contract with the Canadian National, and these are the terms of that contract.

Mr. JACKMAN: Is the $400,000 a liability on the books of the Canadian National?

Mr. MICHAUD: No.

Mr. JACKMAN: Or is it for the time being a gift by way of a war expenditure by the government?

Mr. MICHAUD: It is not a liability on the books of the Canadian National; it is a war expenditure, and the agreement provides that if the Canadian National are recouped, then they recoup the crown.

Mr. JACKMAN: It is something like the aluminum deal; if the property is used, the money will be paid back, but if it is not used, the money will not be paid back.

Mr. MacNICOL: It will never be paid back anyway.

Mr. JACKMAN: Then, in regard to the item of $300,000 for degaussing equipment for Canadian registry vessels, who does this work? Is it done by the government, or is there a contract with somebody else?

Mr. MICHAUD: It is done by the technical officers of the Department of National Defence for Naval Services.

Mr. JACKMAN: I should like to ask a question in regard to the steamship *Lady Grey*. Is that boat owned by the Canadian National West Indies steamship line?

Mr. MICHAUD: No; it is owned by the department.

Mr. JACKMAN: I thought all the Lady boats were supposed to be owned by the West Indies line.

Mr. MICHAUD: The modern Lady boats were owned by the West Indies line, but not old boats like the *Lady Laurier* and the *Lady Grey*, which were built for the government service thirty-six years ago.

Mr. COLDWELL: Did I understand the minister to say that included in the $481,000 for the port of Halifax, there is $200,000 for miscellaneous and unforeseen expenditures?

Mr. MICHAUD: Yes; $200,000 is provided for unforeseen expenditures during the year.

Mr. COLDWELL: That seems rather a large amount for unforeseen expenditures.

Mr. MICHAUD: It would be at any other place than Halifax during the war.

Mr. COLDWELL: Saint John, for example?

Mr. MICHAUD: Well, in connection with Saint John we might find that we have to make many expenditures that were unforeseen a few months ago.

Mr. JACKMAN: Would the minister be good enough to explain this item of $600,000 in connection with refloating and repairing the steamship *Cornwallis*? Whose ship is it?

Mr. MICHAUD: It belonged to the West Indies line. It was torpedoed, and it was thought by both the underwriters and the officials of the company that it would be cheaper to refloat and refit the boat and put her back into service than to build a new boat to take her place.

Mr. JACKMAN: Who owns the ship now?

Mr. MICHAUD: The crown will own the boat, and I suppose will have to fight it out with the Canadian National as to whether the salvage would have been greater than the amount spent to refit her. But that matter has not been determined yet, because the boat is not in commission.

Mr. KINLEY: Was she insured?

Mr. MICHAUD: Yes.

Mr. ISNOR: I think this would be an appropriate place for me to bring to the attention of the Minister of Transport the disaster which took place in Bedford basin a short time ago, in which nineteen lives were lost. I realize, of course, that a public inquiry is in progress at the present time. I am most interested in providing equipment in the future, such as diving equipment, so that it may be on hand to be used immediately for rescue work, in the event of our being so unfortunate as to meet again with such a disaster. I am informed there is no suitable equipment at Halifax or at Bedford basin, and I believe there should be. I have received letters asking me to bring this matter to the attention of the minister, and I do so knowing that he will realize the importance of Halifax harbour, and the dangers which must lurk there on account of the heavy traffic passing in and out. I would ask him to take these points into consideration, having in mind the possibility of procuring diving and other equipment which might be required.

Mr. MICHAUD: This question is now under consideration.

Item agreed to.

Purchase of railway equipment for Canadian National Railways, 1941 orders, $4,883,664; 1942 orders, $24,543,000.

Mr. ISNOR: We have very little opportunity to discuss either in the committee or the house matters affecting the Canadian National Railways. Therefore I shall take this opportunity to bring to the attention of the committee a condition existing in respect of trains operating out of Halifax. I recently made an inquiry of the minister, in reply to which a return was tabled a few days ago. My question had to do with the number of trains operating between Halifax and Moncton and Moncton and Campbellton. The reply I received was that whereas there were three trains operating between Halifax and Moncton, there were four operating between Moncton and Campbellton.

This is not a question of my province against the minister's native province; it is not a question of Nova Scotia against New Brunswick. But the minister cannot help being aware of the heavy traffic being carried at the extreme eastern end of the Canadian National Railways. He knows that practically no train leaves Halifax which is not overcrowded; and that applies to all trains. The Ocean Limited and the Scotian leave in the morning, and the Maritime in the afternoon; and all are crowded. I would urge that the minister take into consideration the providing of extra trains to fill the much needed requirements from Halifax northward.

I do not wish to take up the time of the committee in giving details as to population, the number of stops and the places served by these trains, but I would say that the three

trains running between Halifax and Moncton serve a population of 127,000 along the line, as compared with a population of 43,000 or 44,000 served by the trains running between Moncton and Campbellton.

Then, I would bring to the minister's attention the matter of the running time, particularly as it applies to the Maritime. The running time of that train is eight hours and thirty minutes from Campbellton to Halifax. It appears to me, and also to a great many railwaymen who have been in the service for a long time, that this train could be speeded up to a certain extent. This would help to relieve the situation, and give the minister an opportunity to provide additional trains between the others I mentioned, namely, the Ocean Limited, the Scotian and the Maritime. It might be possible to put on additional trains, or to add second or third sections to the trains now running.

We in the maritimes certainly appreciate the good service we receive from the Canadian National Railways, so far as they are able to serve us. This observation applies particularly, I believe, to train crews and the handling of freight. But I must say we are not satisfied with the passenger service, because we do not think the community is being served in the manner in which we believe it should be served.

Mr. MICHAUD: I can appreciate what has prompted the senior hon. member for Halifax to present his case. I know that on many previous occasions he has described the situation to me, and of course he is more familiar with local conditions than I am. Nevertheless he must realize the situation which exists on the railway lines between Moncton and Halifax. If there is any shortage of passenger facilities between those points, he will understand it is not owing to any ill-will, negligence or antipathy on the part of railway officials. It is owing to conditions which are well known, and cannot be overlooked. However, I shall be pleased to direct the attention of the administrators of the line to the remarks of the hon. member.

Mr. ISNOR: May I thank the minister for his reply. However, I would emphasize one point I made in only a casual way. There are four regular trains serving the district between Moncton and Campbellton, whereas there are only three between Halifax and Moncton. In view of the respective populations of these communities, I say that service should be reversed, and there should be four trains between Halifax and Moncton and three between Moncton and Campbellton. I leave that point with the minister.

Mr. MICHAUD: I agree that in normal times what the hon. member has said might be so. But he must realize that there is a tremendous congestion of traffic between Moncton and Halifax, a much greater amount than on other sections. Three lines meet at Moncton. There is a single track from Moncton to Halifax.

Mr. COLDWELL: Is this amount for rolling stock and equipment?

Mr. MICHAUD: Yes.

Mr. COLDWELL: Is it for passenger and freight engines and cars? May I say, incidentally, that I believe the Canadian National Railways are giving a splendid service. We have to use the railways a great deal in travelling from here to the west, and I can state that both railways are doing their best. However, there is a terrific shortage of equipment, and perhaps we have had a good opportunity to note that fact. The senior hon. member for Halifax has probably noted the shortage in respect of dining-cars. I have seen people standing two or three hours in line to get into the car for their meals. I believe that is due not only to the shortage of dining-cars, but also to the shortage of help. How is this sum divided? Are freight cars receiving priority, or does the priority go to passenger cars or to engines? What is being done?

Mr. MICHAUD: I am afraid the hon. member will be disappointed. There is no provision for passenger accommodation. We have to give priority to other equipment, and in these days it is impossible to get passenger equipment out of the shops. I shall give a list of the requirements covered by these amounts.

Out of the 1941 appropriation of $25,000,000 there is a balance of $4,863,664.23 unexpended. This is to cover the cost of 742 box cars and fifty baggage cars. On the 1942 programme there is an amount of $24,543,000 to cover the cost of thirty locomotives, 300 refrigerator cars, 1,750 hopper cars, 200 flat cars and 4,000 box cars.

Mr. COLDWELL: I realize that under war conditions freight cars should have a priority, but the fact is that there have been lay-offs in some of the railway shops. I do not know very much about the Canadian National shops, but I do know there have been lay-offs in the Ogden shops at Calgary and I believe there have also been some at the Transcona shops. I wonder if we have not reached the point where, if we can get steel, we should be able

to utilize some of these men who are experienced in building railway cars to build more passenger cars, even if we have to make a larger appropriation. As I said before, the railroads are giving the best service they can under very difficult conditions, but the travelling public is feeling the effect of the shortage of railway accommodation.

Mr. MICHAUD: I fully appreciate what my hon. friend has said, but he has touched the point when he says, "if we can get steel." If we could get steel, we would do it.

Item agreed to.

8. Loan to Canadian National Railways for development of Vermilion oil fields, $600,000.

Mr. FAIR: Could the minister give us some particulars of the work that is being carried on in the Vermilion oil field and the progress that is being made?

Mr. MICHAUD: This is a loan to be made to Canadian National Railways. On October 1, 1942, an order in council was passed authorizing the incorporation of a company to be operated by or on behalf of Canadian National Railways to carry on the development of the Vermilion oil field. The Canadian National Railways investigated this oil field and alternate sources of supply and recommended the development of this field of over 600 acres, which is sufficient to support fifty productive wells. Another order in council was passed authorizing an advance by way of loan to Canadian National Railways of a sum not exceeding $1,000,000, with interest at three and a half per cent per annum, repayable in five years. The subsidiary company is to refund to the railway company the net proceeds from the sale of oil after proper royalties, interest, operating and other incorporate expenses have been paid, the railway company in turn to apply such proceeds to the reduction of such loan. Any remaining obligation to the government when the operations are wound up are to be discharged by Canadian National Railways.

Mr. MacNICOL: Is the Canadian National Railways actually drilling wells and producing oil?

Mr. MICHAUD: That is what I am informed.

Mr. MacNICOL: For its own use?

Mr. MICHAUD: I do not know to what extent.

Mr. MacNICOL: Surely it would not be producing oil to sell in competition with other producers?

[Mr. Coldwell.]

Mr. MICHAUD: Not to compete against oil producers.

Mr. FAIR: Why was it necessary for the Canadian National to go in there? Was the company which is in there already not producing sufficient oil?

Mr. MICHAUD: This matter was discussed on a former occasion by the Minister of Munitions and Supply. The actual working would not come under our supervision; we have it incidentally because the sum was advanced through the Department of Transport to Canadian National Railways.

Mr. EDWARDS: Do I understand the minister to say that drilling is actually being done by the railway company?

Mr. MICHAUD: No, I am not saying that. I know they have commenced to explore or to get something under way, but I do not know to what extent.

Mr. EDWARDS: I understand that a separate company was incorporated to carry on this work?

Mr. MICHAUD: That is true, authorized by the order in council.

Mr. EDWARDS: And this money is being advanced to that company?

Mr. MICHAUD: The subsidiary company, through the Canadian National Railways.

Mr. ROSS (Calgary East): What is the name of the company?

Mr. MICHAUD: Cannar Oils Limited.

Mr. JACKMAN: Do I understand that $600,000 has been given to Canadian National Railways, directly or indirectly, to gamble on the development of oil in this field, and a further $1,000,000 at three and a half per cent to permit the development of oil? Have any results been shown so far? This seems to me to be an extraordinary step, one in which a major policy is involved.

Mr. MICHAUD: As I said before, the Minister of Munitions and Supply who is responsible for this project has already given an explanation. I understand that the dominion geologist, the oil controller and officials of Canadian National Railways were satisfied that the purpose for which this oil might be required would justify an investment of $1,000,000, and the Canadian government has agreed to lend the money to the Canadian National Railways at the rate of three and a half per cent per annum, to be repayable in five years. Canadian National

Railways are authorized to advance money to the subsidiary company, Cannar Oils Limited.

Mr. JACKMAN: What particular facilities have Canadian National Railways for the development of oil? If the Minister of Munitions and Supply is the instigator of this expenditure of public moneys, why does he not set up a company which would be able to retain professional oil people who might know something about the business? I know of no one on the staff of the Canadian National who could qualify as an expert in oil drilling. This is an extremely hazardous business. A great deal of money has been sunk in attempting to bring in wells in western fields, sometimes with success but naturally more often without success. I think the committee is entitled to know what reasons there were for advancing $600,000 in one case, and $1,000,000 additional by way of a loan with the expectation that some oil might result.

It may be true that dominion geologists say there is a prospect of developing oil in a certain field, but geologists have often said that a structure is such that there might be oil there and nothing results. Everyone knows there is perhaps no greater gamble than attempting to extract oil from the bowels of nature. I think the committee is entitled to a full explanation of the reasonableness of this appropriation and the method by which it is proposed the money shall be spent, namely, by the Canadian National instead of by a separate government-owned company, or perhaps by private enterprise. The house argued for some time when the budget resolutions were being considered in an endeavour to make it more feasible or more possible for private enterprise to develop oil with some expectation of profit where wells were discovered in western fields, but without much success. The Department of Finance did not hold out much prospect of the venturesome capital which might be successful in producing oil retaining fairly adequate profits. Yet we find the government putting in its own money through an organ of the government, namely, the Canadian National, which to my mind is fitted in no way whatsoever for the development of oil in this country.

Mr. MICHAUD: That may be so, but the Canadian National is a great consumer of fuel oil, especially in western Canada, and is equipped with a department of national resources of its own to investigate sources of supply for its requirements.

Someone has asked if this is to compete with private producers. This is a development of the Canadian National Railways to provide its own oil requirements for its operations in the west. Those who come from the west know that in British Columbia, Alberta and Saskatchewan the railway needs large quantities of fuel oil for its operation, and this is an investment made to assure, if possible, a supply of oil for the requirements of the railway. It is being undertaken by the railway itself just as it looks after its other requirements, and we consider that the railway should take the responsibility of undertaking this development. I understand that the Canadian National have taken the precaution of consulting government geologists and the scientists of their own staff, and I have no doubt they have retained the best brains possible to help bring this field into production in order to assure a sufficient supply of oil for their requirements in the west. The fuel oil supply in the west is a difficult problem, and it may become more difficult. The Canadian National Railways have had to import large quantities of oil, and if the source of supply were cut off, it would be very unfortunate.

Mr. FAIR: I do not think the Canadian National Railways are taking any chances, because the Vermilion field is already proven; anyone passing on the train can see dozens of derricks all through that district. It is a good proposition.

Mr. MacNICOL: And they are producing the oil.

Mr. FAIR: Yes, and there is a refinery there, too.

Mr. COLDWELL: I think the railway is to be commended for undertaking this work and developing that field. I am very glad to see it, and if the railway can provide fuel for its engines, so much the better for itself and so much the better for the country. I hope it will strike oil richly.

Mr. EDWARDS: The hon. member who spoke a moment ago should not confuse the Wainwright-Vermilion field with the Turner valley field in regard to the cost of drilling. The wells in the whole Vermilion area are shallow, and the cost of drilling a well there is negligible as compared with the cost of drilling in the foothills area farther to the west. As the minister has just said, the oil produced in the Vermilion area is a very low-grade crude oil and cannot be treated in the same way that the finer oil nearer to the mountains is treated and refined into gasoline. I do not think the Vermilion oil is refined before it is used in the railway's locomotives.

It should also be borne in mind that practically all the locomotives on the main line of the Canadian National Railways are oil-burning.

Mr. FAIR: I believe that the depth of the wells in the Vermilion area is under 2,000 feet, so that it is not as expensive to drill there as some people may imagine.

Mr. STIRLING: I have been trying to make the estimates for transport services under the war appropriation measure as set out on March 3 in *Hansard* tally with the items which are on this sheet before us.

Mr. MICHAUD: Air services are not included in the main estimates.

Mr. STIRLING: Take, for instance, item 3 on this sheet: Director of Merchant Seamen. The amount on the sheet is a little over one million dollars, while the item given in *Hansard* on March 3 is just under one million dollars. Again, with regard to item 6, additional harbour facilities at Halifax, the amount on the sheet is $481,000, and the amount in *Hansard* of March 3, $281,000. What explanation is there for the items not agreeing?

Mr. MICHAUD: New requirements.

Mr. STIRLING: Is there an increase here over what the Minister of Finance put before us in *Hansard?*

Mr. MICHAUD: I do not think so.

Mr. STIRLING: They do not agree anyway.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Mines and geology branch—

Investigations of petroliferous deposits and of potential petroliferous areas in Canada, $500,000.

Mr. COLDWELL: Last night we asked the minister what exploratory work was being done for oil deposits, and the minister in reply covered pretty exhaustively the work that is being done on the prairies and in the north. I was wondering what was being done on the Atlantic and Pacific coasts, and in other parts of Canada in the way of exploration for new fields.

Mr. MacNICOL: The minister said last night that $42,000 had been spent on an investigation of the shale deposits of New Brunswick?

Mr. COLDWELL: What about the Gaspé peninsula?

[Mr. Edwards.]

Hon. T. A. CRERAR (Minister of Mines and Resources): None of this expenditure is for the Gaspé peninsula.

Before I answer my hon. friend's question I want to correct an impression that was given last evening when we were on these estimates and I was speaking of the number of parties that would be financed out of this vote. We have made provision in the ordinary estimates for a number of parties; they will be paid for out of the ordinary estimates, but additional parties may be sent out and paid for out of this vote. I think I mentioned last night that seventeen parties would be taken care of out of this vote, but that is scarcely an accurate statement. I am not able to say just how many parties will be taken care of out of this vote, but I shall have more information when the main estimates are before us later.

In reply to the question of the hon. member for Rosetown-Biggar, I find there are a number of parties here, but generally speaking the search for oil is being carried on in Alberta and northeastern British Columbia. I mentioned last evening one party which was working, I think, in southwestern Saskatchewan. In addition, there was an expenditure in New Brunswick on the oil shales, and also some expenditure in Nova Scotia, but not of a very large amount.

Item agreed to.

Mines and geology branch—

To provide for special exploration and development work in connection with the supply of strategic minerals, $500,000.

Mr. MacNICOL: Where is any development work going on—not exploration, but development?

Mr. CRERAR: This is for special explorations and development work in connection with the supply of strategic minerals.

Mr. MacNICOL: I understand that. What I want to know is, where is any actual development going on, under this vote?

Mr. CRERAR: It was approved on the recommendation of the metals controller and the director of the mines and geology branch. Before any of the money is spent, the metals controller has to make a recommendation and it has to be concurred in by the director of the mines and geology branch. When these two officials agree, the matter is submitted and certain projects or explorations are undertaken and are cared for out of this vote.

Mr. COLDWELL: Was there an item under the same heading last year?

Mr. CRERAR: Yes; last year there was released from the war appropriation $413,500, and I think $323,520 was spent. I do not know whether all the $500,000 will be used this year or not. It is simply an estimate of what may be required. It may be that not more than half will be spent.

Mr. COLDWELL: How much was exploration and how much development last year?

Mr. CRERAR: Pretty nearly all was development work, loans to companies, to be repayable out of their earnings, in the search for strategic minerals. There were administration costs, which last year ran to over $13,000. Then there was an equipment pool; that was a pool of diamond drills, drilling machinery, and the like, which could be used and directed from one point to another point. Many of the concerns did not have equipment of that kind and could not get it, so that this pool was provided. Let me repeat that all this was done on the recommendation of the metals controller.

Then, fluorspar was a mineral in considerable demand and of considerable importance, and arrangements were made with several companies for the development of fluorspar deposits which they had, but which they were unable to proceed with unaided. Money was advanced under agreements recommended by the metals controller, the advances to be repaid out of the proceeds of the fluorspar produced.

Chromite was another one. An arrangement was made with the Base Metals Mining corporation to carry on certain exploratory and testing and drilling work on certain zinc deposits in one of the western parks.

Mr. ADAMSON: That was not a Base Metals mine; that was another mine?

Mr. CRERAR: That is correct, I am advised. Then, $5,000 was provided to the British Columbia war metals research board to carry on certain work.

Mr. MacNICOL: That was returnable too?

Mr. CRERAR: No; that is not to be returned. That was really for scientific investigation work by this board.

Mr. REID: What board is that?

Mr. CRERAR: It is the British Columbia war metals research board.

Mr. REID: Is that under the provincial government bureau of mines?

Mr. CRERAR: It is connected, I understand, with the university of British Columbia.

Then we have scheelite, from which tungsten is derived. That is very important. Some of the gold mines have scheelite in association with gold. That is particularly true of the northwestern part of Quebec. Therefore the scheelite concentrator at Val d'Or in northern Quebec was assisted to the extent of $7,000.

The manganese deposit in Nova Scotia was assisted to the extent of slightly over $19,000. There was another tungsten deposit in Nova Scotia, upon which almost $29,000 was spent. There is another item, Orford Mining company; I think that was for chromite. Chromite Limited received $82,000. Another manganese concern received a very small amount, $927. Then there was a molybdenite deposit in northern Quebec.

Mr. MacNICOL: Where was it?

Mr. CRERAR: At Quyon, Quebec, not very far up the river. I understand it received assistance to the extent of almost $7,000. Then there was a molybdenite deposit in British Columbia which was examined, on which $4,000 was spent. An examination of the possibilities of tin was made at a place called Rush lake, in Manitoba. There are tin deposits there, and examination was made as to the quality or grade of the deposit.

Mr. MacNICOL: Was any money advanced in connection with the discoveries of manganese in the vicinity of the Manitoba lakes?

Mr. CRERAR: No. I am just running over the various projects, in reply to the request of the hon. member for Rosetown-Biggar.

Mr. MacINNIS: Would the minister give in each case the name of the company and the amount received?

Mr. CRERAR: The Rush lake investigation was carried on, I am informed, by officials of the department. I do not know who owned it. Then there was the Regal Snowflake concern in British Columbia. That involved $3,200. Then there was the H. C. Miller fluorspar deposit in eastern Ontario, $26,000, and another fluorspar deposit, Trent, Fluorspar company, in which $3,700 was spent. That generally describes the nature of the expenditure. In some cases this would be recovered; in other cases, if the deposit is not a commercial proposition it will not be. The need for all these so-called strategic metals has been very pressing, and in no case was the work undertaken except on the recommendation of the

metals controller, whose recommendation was concurred in by the director of the mines and geology branch. There were a good many proposals put up that were not considered worthy of investigation. That is briefly the type of thing that has been going on.

Mr. COLDWELL: Does this department or the national research council do any work in connection with the finding of aluminum clays in Canada? If so, with what success? Some work has been done in the Dakotas south of Saskatchewan and stretching towards Manitoba. There are clays, I know, in the Dakotas, of the type we have in some parts of the prairies, which contain not as much aluminum as bauxite, but a considerable amount. If supplies were difficult to get, or if the submarine menace increased, which I do not suppose it will now, that might be a strategic mineral. Has the department done anything in experimenting with these clays, or have we any such clays in Canada? I am told that such clays exist immediately south of the prairies, in the states to the south.

Mr. CRERAR: So far as Canada is concerned I have no knowledge, nor has the department any knowledge, of any bauxite.

Mr. COLDWELL: Not bauxite.

Mr. CRERAR: Well, no, not bauxite, but any clays of a kind that will produce the raw material for aluminum.

Mr. COLDWELL: I believe that some slight investigation has been made by the university of Saskatchewan and they have discovered some very low-grade aluminum clays. I believe I am right in that.

Mr. CRERAR: Of course, no specific search has been made. Perhaps that is not the correct way of putting it, but there has been an alertness to learn of any deposits anywhere that could be utilized in the production of aluminum. Certainly, however, it has not been brought to my attention if there are such, and I know that no recommendations have come from the metals controller for the development of such deposits. That does not say that they may not exist in Canada, nor does it say that somewhere in Canada at some time we may not find bauxite. I think it unlikely; but as hon. members know, there have been developments in the last year or so, which were discussed by the Minister of Munitions and Supply when his estimates were up, out of which has developed the production of magnesium metal. I understand that there is a considerable quantity of raw material, ores or clays, out of which magnesium metal can be made in Canada, and it may well be that such metal in the future will be a competitor with the aluminum metal. I understand that magnesium metal has the qualities of aluminum and the virtue of being lighter.

Mr. DIEFENBAKER: Of the amount expended last year, how much went to private companies? I understand that under the regulations any work that is undertaken other than by the Department of Mines and Resources must be under agreement or contract approved by the governor in council. How much was actually expended by grant to private corporations? How much has been expended in Saskatchewan in connection with this work, and has not the department of natural resources of the province brought to the attention of the minister certain possible areas where strategic metals can be found? If so, where are those areas?

Mr. CRERAR: I have not the detailed information to answer the first part of my hon. friend's question, as to how much was spent through the agency of private companies. I read the names and gave the assistance they received. These advances to companies are all made by order in council on my recommendation, but that recommendation is not made to council until a request is received, supported by the metals controller.

Mr. COLDWELL: Are they all repayable?

Mr. CRERAR: Some are repayable. For instance, we may make an advance to some company and the judgment in regard to it may prove to have been wrong. There is a certain element of risk, but wherever a company gets into an operating position and can repay, it is expected to repay, and the agreement calls for repayment with interest.

In regard to the other question raised by the hon. member for Lake Centre, I doubt if there has been anything in the nature of an active search for strategic metals in Saskatchewan. I think it is a fair assumption that the northern part of Saskatchewan, and particularly the northeastern part of the province, which is in the so-called pre-Cambrian shield, will undoubtedly in time develop mines. There is on the border of Saskatchewan and Manitoba the mine of the Hudson Bay Mining and Smelting company at Flin Flon. But these expenditures for strategic minerals were directed to the places where it was thought most likely they could be found. That again was done on the judgment of the officers of the department, who are supposed to know. None of these investigations was carried out simply for the pleasure of spending some money. They all had behind them some reasonable prospect of

being valuable in supplying these metals, some of which were in very short supply and were greatly needed in the war effort.

Mr. DIEFENBAKER: Did the department of mines of Saskatchewan not bring to the attention of the minister or his department certain strategic metals which it believed could be found in certain parts of northern Saskatchewan, at the same time designating where those metals were believed to be available?

Mr. CRERAR: I cannot recall at the moment, but I think I am correct in saying that all the provinces have been bringing to the attention of the department here the possibilities in their respective provinces. I dare say there were hundreds of these prospects placed before us, a great many of which were not acted upon. The investigations that were actually made, or the engagements that were entered upon, were on the recommendation of the metals controller, as I said a moment ago, supported by the director of the mines and geology branch.

Mr. DIEFENBAKER: Apparently there were no investigations carried on in Saskatchewan, since, if I understood the minister aright, no expenditures were made in that province. There is widespread complaint in Saskatchewan because it seems impossible to get any cooperation from the metals controller for consideration being given to northern Saskatchewan. An outstanding friend of the government in northern Saskatchewan—I am not going to mention his name unless the minister asks for it—has brought to the attention of the metals controller certain metals that he believes exist there in such abundance as to be of assistance to the war effort of this country, but he has been unable to get any consideration whatsoever. I feel that if the provincial department of mines brings these matters to the attention of the government, its recommendations should be acted upon. We in Saskatchewan have a large area in the pre-Cambrian shield. There is now an opportunity under this vote to determine whether or not these areas contain metals which are needed at the present time. The provincial department of mines and resources has devoted its energies over a period of years to ascertaining these localities; yet that province has not been given any assistance under a similar vote last year, and we have been afforded no opportunity whatever to assist in the war effort in this regard.

I ask the minister during the coming year to see to it that we receive at least some consideration in this connection. As far as the war effort is concerned, little industry has been established in Saskatchewan and little consideration has been given the needs in this regard of that province. I quite realize that there should be some probability of success before an area is examined and prospected under this vote. Many areas in northern Saskatchewan have been carefully examined by the provincial department of mines, and I ask the minister to see to it that this year some of this money is spent in that province, to the end that we may be enabled to contribute our share of the mineral needs. Apparently no money has been advanced and no assistance has been given to mining development in Saskatchewan, and no official in Ottawa can determine, without some investigation, whether or not strategic materials are available there.

Mr. CRERAR: Of course I shall give heed to the plea advanced by the hon. member for Lake Centre. I do not know that he would suggest that the department should go over the head or back of the recommendations of the metals controller, or act in these matters without those recommendations. I am not exaggerating when I say that scores of these prospective mines have been brought to the attention of the department. Naturally people who have mines of this kind, who think they have fluorspar or scheelite or molybdenite, believe there is a possibility of getting some public funds to assist in the development of their properties, and my hon. friend has had sufficient public experience to know that one must be very careful in, shall I say, resisting some of the requests that come in that way. I have confidence in the metals controller; he is a man of great experience in the mining business, and I think is a mining engineer by profession, and I have every confidence in the technical officers of the mines and geology branch of the Department of Mines and Resources.

Mr. DIEFENBAKER: And have they recommended against Saskatchewan?

Mr. CRERAR: No; they have not recommended against Saskatchewan, but I would say that no proposals have come to my attention concerning Saskatchewan which have been recommended by the metals controller and the director of the mines and geology branch. It is not a matter of recommending against something; it is a matter of recommending in favour of, recommending positively instead of negatively. I may have erred, and the government may have erred, but we felt the safe course was to follow the advice of the people who we thought were qualified to give advice in these matters. This does not mean that the provincial department of mines and

natural resources has not been active. As I said a moment ago, I think all provincial governments have brought to the attention of the department here the possibilities that existed in their provinces, and have asked that something be done to explore those possibilities. Rightly or wrongly, however, we have adopted the rule that we would recommend to council only those proposals which, in the judgment of the experienced men who were advising us, were entitled to consideration.

Mr. MacNICOL: May I ask the minister if there are not large deposits of dolomite in northern Saskatchewan?

Mr. CRERAR: There may be; I cannot say.

Mr. MacNICOL: I have been told there are; and if there are large deposits of dolomite, perhaps the government should take the same action to assist in the production of magnesium metal in Saskatchewan that they took in regard to the production of magnesium metal in the Ottawa valley. In Saskatchewan the government would have to find power, just as the Ontario hydro electric commission found power for the magnesium plant at Haley station. I am firmly convinced that there must be a distribution of industry throughout Canada, and if there are large deposits of dolomite in northern Saskatchewan, power can be developed. I know where a substantial block of power can be developed, and if you put the two together you get magnesium metal.

Mr. COLDWELL: I do not have quite the confidence in some of the controllers that the minister has. I believe that when this exploratory work is being undertaken, the northern part of the province of Saskatchewan does offer a field for exploration for a good many of these things, as the hon. member for Lake Centre has said. When the minister pins his faith entirely upon the metals controller, I do not think he is wise. I remember that a year or two ago the matter of iron ore on the Pacific coast came up; but in spite of the forceful presentation made by hon. members from the coast, and in spite of the fact that to me the evidence they presented was fairly conclusive, the only reply they could get was, "Well, you have not a ghost of a chance," merely because there was an established industry in another part of Canada. That is, virtually, the point of view. I think I would put much more faith in the report of the minister's own geological branch, as a matter of fact. They are public servants, who cannot look at it from the point of view of established industry.

But I think we need to diffuse industry across the country. It is perfectly true, as the hon. member for Lake Centre has said, that in Saskatchewan, with all our resources, we have been unable to get any development during the war, for war purposes, which would assist us after the war in solving some of our problems in that area. We have potential power on our rivers, much more, I believe, than is generally supposed. And we certainly have an extremely large potential power supply in our very large deposits of comparatively low-grade coal, a kind of coal which has been used in Russia and in Germany for the production of power. And probably with the resources we have developed, industries could be established in some of these areas. I saw one hon. member shake his head when I spoke about the low grade of coal utilized in Germany for power purposes. They utilize brown coal, which has even fewer British thermal units than the gray coal which we use in the southern part of our province.

I know that the Alberta coal is much superior. But in our gray coal we still have a source of power. I was not speaking from guess-work, when I spoke a few moments ago about the possibility of finding not bauxite, but clays which do contain a fair, and perhaps a commercial percentage of aluminum. I was surprised that the minister knew nothing about it, because I know some work has been carried on in connection with testing some of these clays.

Mr. CRERAR: By private parties?

Mr. COLDWELL: By the university. I am surprised the minister did not know anything about it, and I would suggest that some inquiries be made.

Mr. EDWARDS: Does the hon. member know where they are making alumina from clays?

Mr. COLDWELL: No; but I can say this, that we do know that there is more than one process of making aluminum. The process being used at the present time is the established process, because all the equipment made and used by the company which has the monopoly of that business is of the one type. But it is known that there are other processes which might utilize the lower grade clays. How economical that would be, I cannot say.

Mr. EDWARDS: I agree. I was interested in the hon. member's statement. I believe it is well known that all clay contains more or less alumina.

Mr. COLDWELL: Some.

Mr. EDWARDS: Some clays are much richer than others. There is a gentleman right here in Ottawa, I believe, who for a number of years has been doing research work throughout the continent. But I have yet to find any instance where a process of extracting alumina from the aluminum clays has been demonstrated to be economically feasible.

Mr. COLDWELL: That is, of course, an important point for consideration.

Mr. REID: I have two questions to ask the minister, the first of which has to do with the long list of metals which he enumerated. In view of the expenditure of money, my first question is this: Is the minister in a position to tell us if help has been given to companies for development work, and if some of these moneys have been expended in that way? If so, have those expenditures been the means of producing certain quantities of the metals he enumerated?

My second question has to do with exploratory work in connection with iron ore. It is a well-known fact that the iron ores in the lake Superior area may not last longer than another ten years. I am speaking of the openpit method. It may be that we shall require all the iron ore we can get in Canada, and I am wondering if in the exploratory work the minister is seeing to it that the deposits or iron ore in Canada are being tabulated as to quantity, location and iron content. To my mind it is extremely important to do that sort of thing. As was pointed out by the hon. member for Rosetown-Biggar, we in British Columbia have been endeavouring for many years to develop a steel industry in that province. Time and again we have been met with contradictory reports—reports from private mining companies, provincial reports and federal reports, all conflicting. In view of the seriousness of the iron ore situation, and the extent to which iron ores may be required in this country, I say it is incumbent upon the government to see to it that exploratory work is done. Under this or any other grant, what has been done with regard to iron ore? Then, of the various metals enumerated, have any quantities been produced?

Mr. CRERAR: In some instances substantial quantities of these strategic metals have been made available as a result of this work. I do not know the exact amount of tungsten, for instance, that has been produced in Canada in the last year; and I do not believe it would be wise for me to give that information if I did know. Generally speaking, however, it may be said that this expenditure has justified itself for the purpose for which it was initiated, namely to aid in the war effort. Probably if there had been no war, nothing of this kind would have been done in Canada at the present time, because we would have been getting our tungsten, molybdenite and chromite from other sources.

With regard to the hon. member's second question, there has been, of course, the general geological survey work, such as has been carried on in Canada for many years. This work has been done not only by the federal government but by many of the provincial governments, as well. All those geological reports are available. Iron ores of a very good grade indeed—I might say of a high grade, and in considerable quantities—are available about 130 miles west of Port Arthur. This is an ore similar in quality to that produced in the Duluth area. The total amount, however, is not yet known. It would require some years of exploration to ascertain that fact. A few years ago the development of a large body of low grade iron ore was undertaken in the Michipicoten area. A considerable amount of the iron and steel used at the "Soo" comes from that development. It may well be that there are other deposits of iron ore in Canada.

Here I would add that, certainly as a post-war work, this country should do a great deal more than it has done in the past—in my judgment, at any rate—by way of carrying out geological surveys and geological mapping. It has not always been easy to get the appropriations which those acquainted with the possibilities of this country thought were necessary. But I do say that I have great confidence in the future of mining developments in Canada. We may reasonably expect to find mineral-bearing rock all the way through this great pre-Cambrian shield from Labrador, skirting northern Manitoba and northern Saskatchewan right through to the Arctic ocean. There are mines scattered all over that area and certainly, when the war is over, this development will be a means, not only of adding to the national wealth and providing employment but also to furnish all the benefits that come from such a development. Undoubtedly the possibilities are very great. One of the things needed for development is that as accurate knowledge as possible be secured from geological surveys and mapping.

Mr. ADAMSON: There is just one suggestion I should like to make. This appropriation of $500,000 is wholly inadequate. More money should be spent on exploration for and development of strategic minerals. This

vote only goes to show how difficult it is to find and develop a mine. The minister will correct me if I am wrong, but I understand the procedure is that a prospector comes to the department with evidence of a certain deposit, shall we say of scheelite, cinnabar or one of the strategic base ores necessary for the development of required metals. The department will then decide to send an engineer or surveyor to inspect the deposit based upon geological maps or whatever is known already of the district. If the department decides to go ahead and considers the deposit worthy of exploration, is it developed by the department, or does the department assist the prospector to develop it? How does the prospector develop it?

If an established mine, say in the Porcupine camp, finds, as many of them have there and in northwestern Quebec, that there is a deposit of scheelite in their property which is not normally workable, does the department agree to assist that mine in the development of the scheelite? Does it tell the mine to develop the scheelite, the department paying for the out-of-pocket expenses? Does the taxation department say that it will reimburse the mine for the expenditures or allow them to consider it as development work which would be deducted from their taxation? This development work is one of the most important things that can be carried out, both now and post-war.

Before the war we knew nothing about what we could do in the way of magnesium, in the way of the development of iron ore, the development of mercury or of many other metals. These metals are being developed to-day, although it is true that some are being developed on an uneconomical basis. We who are in the business believe that the production of these strategic metals will continue, that they will be a part of the Canadian economy from now on. That is why I say this sum of $500,000 is inadequate.

I do not think the committee realizes just how little we are doing in the way of geological surveys as compared with other countries. I do not want to belittle the geological survey of Canada, because the work being done by Doctor Camsell is simply magnificent, but it is quite small when compared with what is done in other countries. Either the year immediately before the war or the year before that, the United Kingdom actually spent more on geological surveys than did Canada. We think of England as being a small country which has been prospected over quite a bit, but this fact shows the importance of the geological survey. When the story is finally written I think it will be shown how difficult it is to discover a mine. Considerable money has been spent on many prospects, but I do not know how many actual properties have been brought into production. I gathered from the minister's statement that it is not much more than one in a hundred.

I do not think we appreciate how difficult it is and the amount of money that must be expended in finding a mine and bringing it into production. This shows how wrong and how stupid it would be for the government to go into the mining business and develop mines as government property. The government should do everything it can to assist individuals in developing mines, so that every ton possible of useful ore is produced, but in my opinion the government has no business to go into the actual mining of metals and ores. As I say, this $500,000 is in my opinion a very small amount to be expended on the discovery and development of strategic metals during this war crisis. I should like to see the amount increased, but I hope the minister will state that it is not the policy of the government to go into the mining business and develop these things as government properties, except perhaps under extremely exceptional circumstances.

Mr. CRERAR: I think it is well to keep in mind that the expenditure under this vote is necessitated by the needs of war. This expenditure does not, except perhaps indirectly, have a bearing on what might be described as the general development of mining in Canada. The united nations and Canada were short of certain strategic materials, and we sought to see what could be done in Canada to supplement these needs. Notwithstanding what the hon. member for Rosetown-Biggar (Mr. Coldwell) has said, I have entire confidence in the integrity of the metals controller.

Mr. COLDWELL: I am not questioning his integrity.

Mr. CRERAR: I do not think the metals controller has been doing chores for any person in connection with the work he has carried on. I think it is only fair to say that.

Mr. COLDWELL: I was not referring to that.

Mr. CRERAR: I quite understand that. The hon. member for York West inquired if assistance would be given to a prospector who might bring in a prospect. If, upon inquiry, it were found to have merit, we might decide to carry on diamond drilling, as has been done in other cases, but the prospector would not be reimbursed for any expenses which he might

have incurred up to the time he had brought the matter to the attention of the government. In a few cases further exploratory work has been undertaken by the government in order not to pass over any possibility of adding to the store of these necessary metals.

As to the general question of the basis of mining development in the future, it will be the aim of the government to carry on the necessary services, geological and mapping, by the best men we can get, so that we may get as complete information as possible on the geology of the country, and then make that available to prospectors and developers and let them do the rest of the work. That at any rate is the basis upon which our mining development has been done in the past, and though it may change in the future, I am expressing my own view of what is the wisest course to pursue.

Item agreed to.

Mines and geology branch—
To provide assistance to provincial governments in construction of transportation facilities into strategic mineral, including oil, properties, $200,000.

Mr. HAZEN: Can we have a break-down of this amount by provinces?

Mr. CRERAR: Does my hon. friend have in mind the projects under this vote?

Mr. HAZEN: Yes.

Mr. CRERAR: I have the expenditures for last year. The amount made available from the war appropriation was $109,000. We spent approximately $41,000; and at the Jerome mine, $13,000, at Renabie, $11,000, and at the St. Anthony mine, $1,273.20. Then $25,000 was made available to assist in winter transportation.

Mr. HAZEN: In Ontario?

Mr. CRERAR: None in Ontario. In Quebec we made available $3,100 in connection with three molybdenite properties, and $6,000 to improve transportation to the Mercury mines in northern British Columbia.

Item agreed to.

Bureau of mines—
Construction of new metallurgical laboratory, $115,000.

Mr. DIEFENBAKER: Where is the new laboratory to be constructed, and when is the work to commence?

Mr. CRERAR: It will be in Ottawa, on Booth street.

Mr. EDWARDS: Have we not a national research council? Do they not do metallurgical research? Is this a duplication of work carried on by the national research council?

Mr. CRERAR: No. Metallurgical research and the determining of the best method of treating ores is all worked out in our mines branch. There is no duplication of that work by the national research council.

Mr. MacINNIS: Is this to be a permanent structure?

Mr. CRERAR: Yes.

Mr. MacINNIS: Then how does it happen to be in the war appropriation?

Mr. CRERAR: It probably would not have been undertaken at the present time if it had not been for the war.

The work of this bureau has had largely, if not wholly, to do with the war during the past few years, and in an ever-increasing way. I might indicate in a general way the kind of work that is done. For instance, we carry on tests to ascertain the resistance of certain types of armour protection. We are working not only for our own government but for the British mission here, and a good deal of the work is of a secret nature. The facilities they had were not sufficient to carry on their work effectively, and accordingly it was decided less than a year ago to put up an additional building. Owing to the severe winter the work did not progress as rapidly as had been intended. Funds were released from the war appropriation, and expenditures were made amounting to $40,000 before the end of the fiscal year. We need additional funds to complete the building.

Item agreed to.

Metallic minerals division—
Services to war departments, $210,000.

Mr. DIEFENBAKER: What is the nature of the services which the Department of Mines and Resources renders to the war departments?

Mr. CRERAR: The branch does work for the Department of Munitions and Supply.

Mr. DIEFENBAKER: What, for instance?

Mr. CRERAR: It carries on certain tests. For instance, tests are made in connection with motor vehicles for army purposes. Research work that was done on vehicles moved by caterpillar treads effected a considerable saving; it is not a thing that we broadcast to the world. Work is also done for the United Kingdom and for different branches of the armed services related to various types of munitions and all that sort of thing. I can assure my hon. friend that it has been a valuable work.

Mr. DIEFENBAKER: Who looks after this? The national research council?

Mr. CRERAR: No.

Mr. DIEFENBAKER: Well, why should this be allocated to the Department of Mines and Resources?

Mr. CRERAR: Because it relates to the type of research work which has been carried on by the bureau of mines for many years. They had the trained skilled personnel to do this work.

In answer to the hon. member for Calgary West I mentioned a moment ago that certain research work having to do with the treatment of ores and with the matters relating to that has always been carried on in the bureau of mines. It was established in the bureau of mines before we had the national research council and has been carried on there since, and that work is not duplicated by the national research council. Consequently, when these needs arose, not only for our own services, but for work for the British government and for our munitions and supply department, it was carried on in the bureau of mines because there was in that bureau the personnel most experienced in that kind of work.

Mr. DIEFENBAKER: How many persons has the minister engaged in this work?

Mr. CRERAR: I could not answer that question accurately.

Mr. DIEFENBAKER: The expenditure proposed is $290,000.

Mr. CRERAR: That is paid for out of this vote. There is a vote in our ordinary estimates for the maintenance of the laboratory work and of the bureau of mines. That has been expanded to take care of this additional work that has been thrown on it, and I repeat what I said earlier, that I think practically all or almost all of the work that is being done by the bureau of mines and the laboratories associated with it is in connection with the war effort in one direction or another.

Item agreed to.

Lands, parks and forests branch—
Bureau of Northwest Territories and Yukon affairs—
Expenses of liaison officers in connection with the Alcan and Canol projects, $10,000.

Mr. STIRLING: Will the minister set his face against the further use of this word "Alcan"? There is a real name for the highway and it is a beautiful name—the Alaska highway. The public is resenting this word "Alcan" more and more, and I very much regret to see it used in this official document and fathered by the Minister of Mines and Resources. What will the minister do about it?

Mr. CRERAR: I agree wholly with my hon. friend. I think "Alcan" is really an atrocious word. I give the assurance to my hon. friend that it shall not appear hereafter in the estimates of the department.

Mr. STIRLING: Splendid.

Mr. CRERAR: I think "the Alaska highway" is a much more descriptive and accurate term.

Item agreed to.

Dominion forest service—
Forest products laboratories, $34,435.

Mr. MacINNIS: Is this item for war purposes, or is it in addition to the item in the general estimates of $145,717?

Mr. CRERAR: We have a vote in the general estimates. This is for war purposes. It has to do as I recall, with the testing and development of plywoods used in the manufacture of aircraft, glues, and testing these when they are made, and generally testing fibreboard, compregnated wood and other wood products such as munitions containers and that sort of thing. The total amount estimated for this year is $34,435. The amount released last year under the same vote was $31,395, and out of that $27,079 was spent.

Item agreed to.

Dominion forest service—
Alternative service work camps, $79,000.

Mr. DIEFENBAKER: This item and the next item might be considered at the same time.

The CHAIRMAN: Perhaps we might take the two items together.

Mr. DIEFENBAKER: Very well.

National parks bureau—
Alternative service work camps, $500,000.

Mr. DIEFENBAKER: These two items are, in my opinion, unjustifiable. Last year, according to the auditor general's last report, there was expended for alternative service work camps the sum of $235,463, in connection with the detention of groups eligible for military service and known as conscientious objectors.

Mr. CRERAR: That was for the year ended March 31, 1942?

Mr. DIEFENBAKER: Yes. Expenditures charged were as follows:

Banff park	$51,820 57
Cape Breton Highlands park	28 85
Jasper park	46,193 00
Kootenay	16,939 00
Prince Albert park	50,711 00
Riding Mountain park	63,564 00

The expenditure on salaries and wages was $131,233; printing and stationery, $1,344; travelling expenses, $2,369; supplies and materials, $91,607; sundries, $8,908. In addition to that, there was an allotment for alternative service work camps in the dominion forest service of $12,848, of which $10,858 was expended.

I can see no justification whatever for the expenditure of this money in utilizing the services of conscientious objectors. These men are paid fifty cents a day and remain in these various camps at work for a period, generally speaking, not exceeding three months. At a time when there is a shortage of man-power which has been so frequently referred to, in connection with the production of firewood, pulpwood, and for farm labour, I think there is no justification for the utilization of the services of these men in the national parks, particularly when this vote is considered as a war expenditure. Conscientious objectors should be permitted to serve in some service other than active war participation; as to that there can be no argument. But as far as the work being done in the national parks is concerned, it is a use of man-power for purposes unconnected with the war effort, and, I submit is an unjustifiable waste of man-power when regard is had to the needs and requirements of man-power in more necessary kinds of work. I cannot understand the justification for increasing the expenditure this year by approximately $250,000. Only recently in Saskatoon some seventy-five Doukhobors came before the national selective service board. They were allowed to work on their own farms; yet, with the imperative need of mobilization of our man-power, many of these people serve in connection with work in national parks. Their services could be used in agriculture. According to the statistics given in "Canadian Affairs", to which I referred the other evening, there are 3,401 in this country. An amount of $500,000 seems like a terrific expenditure to make for a matter of a few months' alternative service in parks. I move that this amount be reduced to one dollar.

Mr. ROSS (Souris): I should like to say a word endorsing what the hon. member for Lake Centre has said and at the same time to ask some questions in regard to the item. I cannot see any reason for this amount being expended at the present time. Last night we listened to the Minister of Trade and Commerce as he pointed out that we had 30,000,000 bushels of grain standing in cars on the tracks which could not be loaded into terminal elevators because we were short of man-power at this particular time. We have had radio broadcasts and what-not with regard to the shortage of fuel for next year, and municipal officials pointed out to the government, last fall and in the winter, that wood camps should be set up for the purpose of providing fuel for the coming winter. There is certainly plenty of all-year-round work to do now which would be of greater advantage to the nation as a whole than this proposed expenditure of public money. It is essential work that is required if the people are not to freeze this winter. In the fall we shall have to store grain, which is vital for feed, because the transport system is tied up as a result of the falling down of the selective service in that respect. I suggest that we should not waste this amount of money with the man-power muddle right on our doorstep at the present time.

I believe the government received communications last fall, in December and since then, from provincial and municipal organizations, pointing out that lands should not be sold to conscientious objectors at this time, but that they should be held until after the war for our veterans. So far I have not heard any answer from the government in that regard, and this might be a proper item under which to ask the minister what the stand of the government is in this respect. In his province and my native province the department of mines have intimated that they will not sell land to anyone until the war is over, so that the returned soldier shall have the first option on any lands they hold. We should have a statement from the minister as to the policy of the government in this matter. In all seriousness I suggest that we should consider eliminating this item, because it is a waste of public money and involves a waste of man-power which is so essential in other callings at the present time, in the national interest, if we are to obviate a great deal of suffering in the coming year.

Mr. CRERAR: The hon. member for Lake Centre spoke, I believe, without that reflection which he usually gives to his observations. He based his criticism wholly on expenditures that had been incurred prior to fifteen months ago, indeed, incurred over two years ago. The figures he read from the auditor general's

report were figures that appeared in the report tabled this year, but for the year ending March 31, 1942.

Mr. DIEFENBAKER: That is what I said.

Mr. CRERAR: The situation two years ago in respect of man-power was vastly different from what it is to-day. My hon. friend knows that, as does every other hon. member in the house; and the problem when these men were called up was to find employment for them. At that time the national parks constituted one place where they could be employed and they rendered excellent service. They did very good work in the national parks. The situation has now changed altogether. I have stated in regard to other votes that they were estimates, and so is this vote an estimate of what might be required for this purpose in the present fiscal year. That estimate was prepared nearly seven or eight months ago and was ready for parliament when it met in January. Now, I repeat, the situation has changed, and I can tell the committee that there will not be anything like that amount of expenditure involved for the conscientious objectors in the present year.

Mr. DIEFENBAKER: How many conscientious objectors does the minister expect will work in the parks this year?

Mr. CRERAR: At May 31, there were 190 conscientious objectors working in the national parks, and on June 12 there were seventy-six in forest experimental stations. What were they doing? They were employed largely in Alberta to cut pit-props which are necessary in coal mining in that province. That is work which everyone will agree has to be done, because if you are to mine coal you must have pit-props. These men were engaged also in some parks cutting lumber and cordwood. So that if my hon. friend persists in the motion, which would have to be voted down, we would interfere at once with the production of necessary pit-props for the mining of coal, and we would cut down substantially the quantity of cordwood that is now being cut by these conscientious objectors and which is necessary to meet the fuel shortage next winter. I would ask my hon. friend, on reflection, to withdraw the amendment to the motion.

What I have said is, I believe, a partial answer to the hon. member for Souris. There is one point, however, with which I wish to deal that touches on his remarks. I refer to his statements regarding the sale of lands to conscientious objectors in the various provinces. The sale of land comes wholly within the jurisdiction of the provinces. It may be that under the War Measures Act—it would be stretching it to a very great degree, as I think hon. members will agree—it might be possible to take some action federally, but it would be a pure invasion in a matter which it is solely the right of the provinces to deal with, and I think it would be resented by the provinces.

Mr. ROSS (Souris): Not entirely, if the federal government owned land.

Mr. CRERAR: We are not selling any federal lands. If my hon. friend will give me one instance—

Mr. ROSS (Souris): That is what I am asking.

Mr. CRERAR: There have not been any such sales. Why does not my hon. friend ask if there are instances?

Mr. ROSS (Souris): The policy is what I want to know.

Mr. CRERAR: He rises and makes a statement that can only be regarded as a criticism of the government because we have not done something in this matter.

Mr. ROSS (Souris): I did not make any such statement; I asked the direct question. What was the policy of the government?

Mr. CRERAR: Very well, then; I will say this, that as far as the federal government's policy is concerned, it has no lands to dispose of excepting certain crown lands, and I am sure none are being sold to conscientious objectors. I think those are all the lands it has, unless we go away up into the north-west territories, where conscientious objectors do not wish to settle.

Mr. ROSS (Souris): There are other lands which I cannot discuss under this item, but which come under the same minister. I refer to soldier settler lands, and there surely would be a policy covering all the lands owned by the federal government.

Mr. CRERAR: I do not think any soldier settlement lands have been sold to conscientious objectors.

Mr. ROSS (Souris): I am asking the question.

Mr. CRERAR: As far as my knowledge goes, not a single foot of any land under the control of the federal government has been sold or disposed of to conscientious objectors; I am sure I am correct in that statement.

I think that covers the points I wished to mention, but let me tell the hon. member for Lake Centre once more that there are no more of these conscientious objectors working

in the parks or in forest stations than are able to do useful work, either by way of providing wood fuel or producing pit-props to be used in the operation of our coal mines.

Mr. ROSS (Souris): I asked if these men could not be employed almost all year, cutting wood in the winter months and doing agricultural work in the summer, and perhaps in unloading grain at the terminals and work of that kind. It would not cost the government anything more to keep them employed the year round.

Mr. CRERAR: I think that disposition is being made of them. I believe I am correct in saying that many of these conscientious objectors are now placed in farm work across Canada. I have not the exact figures in regard to placements in that connection, but I know they have been so placed. I think some of them are working in the coal mines of Alberta. At any rate their labour is not being utilized in the national parks or in forest stations except in the manner I mentioned a moment ago, and I gave the number engaged in that work.

Mr. DIEFENBAKER: What is the anticipated expenditure this year? The estimate is half a million dollars, but what is the anticipated expenditure?

Mr. CRERAR: That will depend on how long the men stay in this work. For instance, it may be that the number of men in the parks will be reduced, particularly at harvest time. I think they have been cutting wood almost up to the present time and certainly up to the date mentioned here, May 31, but that work is probably over now. I am not sure, but I do not believe there is much good in cutting green cordwood in the month of September, for instance, if that wood is to be consumed in the months of October or November. In that case, however, the men will be moved to some other useful employment. The point I wish to make is that they have been employed in a very useful and necessary part of our general economy, and they are not now employed in the parks or in the forest stations except in the work I have mentioned, and forest conservation and protection.

Mr. DIEFENBAKER: How many were employed in the parks during the past year? What was the maximum number?

Mr. CRERAR: I have not those figures, but I said that as of May 31 the total employed in all the national parks of Canada was 190, and seventy-six in the forest stations.

Mr. DIEFENBAKER: How many were there a year ago?

Mr. CRERAR: I have not these figures, but I should say the number was substantially larger. I am advised that there were probably about 400, but I would not wish that figure to be taken as final because I have not that data here.

Mr. QUELCH: Did I understand the minister to say that the prohibition of sales of land to certain classes of people was purely a provincial matter?

Mr. CRERAR: Yes; the disposition of land, the sale of land as between two individuals, is a matter of property and civil rights that comes within the control of the provinces, and the federal government has no jurisdiction.

Mr. QUELCH: Then will the minister explain why the federal government disallowed the Alberta bill which would have prohibited the sale of land to the Hutterites?

Mr. CRERAR: I do not know that I understand my hon. friend's question.

Mr. QUELCH: Some time ago the Alberta government passed a bill which would have prohibited the sale of land to certain classes of people, I think particularly the Hutterites, and the federal government disallowed that bill. Now the minister says that is purely a provincial matter.

The CHAIRMAN: Order. The discussion is on the amendment which has been moved by the hon. member for Lake Centre, to reduce the amount of the estimate to one dollar.

Mr. QUELCH: But I am referring to the statement made by the minister on this amendment; I am trying to get a clarification of that statement. The minister said it was purely a matter for the provincial government if it wanted to prohibit the sale of land to certain classes of people; yet when the province of Alberta passed a bill doing that very thing the federal government disallowed it, and I am wondering why.

Mr. CRERAR: At the moment I am unable to give my hon. friend the reasons why that particular legislation was disallowed. That is a matter for the Minister of Justice.

Mr. QUELCH: The Minister of Justice is in his seat; perhaps he could clarify the situation.

Mr. ST. LAURENT: I should not like to give from memory the report that was prepared which necessitated the disallowance of that legislation. It was tabled here at the time, and then a summary of it was tabled this week, not more than two or three days ago, in the list of all legislation disallowed since 1920.

Without attempting to be exhaustive at all, I may say that one reason why it was disallowed, and the main reason, was because it was contrary to the express declaration of the defence of Canada regulations. It was not legislation dealing with the Hutterites only; it was legislation dealing with enemy aliens, and was contrary to the positive declaration in the defence of Canada regulations that enemy aliens who registered and who conformed with the formalities prescribed by those regulations, would not be interfered with. This was provincial legislation which ran counter to the formal declaration in the defence of Canada regulations.

Mr. QUELCH: That being the case, the statement made by the Minister of Mines and Resources was not correct, and this is not a matter entirely under the control of the provincial government.

Mr. ST. LAURENT: No; the hon. member is putting an entirely erroneous construction on what I have said. The general principle is that property and civil rights are within the jurisdiction of the provincial legislatures, but in war time it is felt by the Department of Justice that under property and civil rights the provinces must not be allowed to nullify war measures adopted by the federal authorities.

Mr. QUELCH: I quite agree, but the matters we are discussing now are in relation to the war. We are not talking about after the war; the matter we have raised at the present time is in connection with the war, and the minister's statement was in relation to the war.

The CHAIRMAN: Shall the amendment carry?

Some hon. MEMBERS: Eleven o'clock.

The CHAIRMAN: Those in favour will kindly say, aye.

Some hon. MEMBERS: Aye.

The CHAIRMAN: Those opposed will kindly say, no.

Some hon. MEMBERS: No.

The CHAIRMAN: In my opinion the amendment is lost.

Mr. COLDWELL: Mr. Chairman, it was eleven o'clock before you put the vote.

Some hon. MEMBERS: No.

The CHAIRMAN: Shall I report progress?

Progress reported.

It being three minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

[Mr. St. Laurent.]

Saturday, July 17, 1943

The house met at eleven o'clock.

THE WAR

PROGRESS OF OPERATIONS IN SICILY—PARTICIPATION OF CANADIAN FORCES

Right Hon. W. L. MACKENZIE KING (Prime Minister): A week has now passed since the landing of Canadian troops in Sicily. I should like to make a brief statement on the progress of operations.

During the week, our thoughts have been mainly with the army. No account of the Canadian share in operations would be complete, however, without a reference to the other two services.

The battle for Sicily really began weeks before the landing of the allied troops on Saturday last. Ever since the close of the Tunisian campaign the allied air forces in North Africa and the middle east have been "softening up" the island of Sicily for the coming invasion. In those operations, Canadian airmen, in R.A.F. and in R.C.A.F. squadrons, have had a large share.

Operating under the immediate command of Major General James Doolittle of the United States Army Air Corps, an R.C.A.F. bomber wing composed of an unstated number of squadrons helped to pave the way for the allied invasion of Sicily by terrific bombardment of the island. During the landings and as the allied forces have continued to strengthen their position in Sicily, Canadians in the air have been blasting enemy troop concentrations, strong points and supply columns.

In addition to the bomber squadrons, a Royal Canadian Air Force Spitfire squadron which distinguished itself in the Tunisian campaign is participating in the Sicilian action. It cannot be revealed whether this squadron is yet based on a Sicilian field, but it is known that many members of the R.C.A.F. are among the aircrews which are now operating from captured aerodromes on the island.

There are, of course, thousands of Canadian personnel included in the Royal Air Force squadrons operating in the Mediterranean as there are in almost every R.A.F. unit around the world. No reports on their participation are available, but it is safe to assume that there are few, if any, Royal Air Force squadrons operating in the aerial forces being thrown against Sicily in support of our armies which do not include Royal Canadian Air Force personnel. Other Canadians are flying Wellington bombers, harassing and disrupting enemy supply routes from the African mainland.

While operations of our air units and our personnel out of the United Kingdom are not directly linked with the Sicilian campaign, their activities are having the effect of tying a great part of the Luftwaffe to Western Europe. Were these Luftwaffe units released for service in the Mediterranean they could make our operations there far more difficult.

In the Sicilian operations, the Royal Canadian Navy has also been represented. We have been advised that several hundred Royal Canadian Naval Officers and men acting in conjunction with and under the direction of the Royal Navy, took part in the hazardous work of safely effecting landings for the troops engaged.

For many months now, almost two thousand Canadian Naval personnel have been training at a combined operations base in England, preparing themselves to take part in landing operations. Their ships are known as "assault landing craft". A number of Canadian sailors took part in the combined operations when landings were made in North Africa in November last. This week, they took their craft, under enemy fire, and ferried in troops who were part of the first wave of the invading forces to move on to the beaches. We shall await with interest a more detailed account of their hazardous work.

Coming now to the army, its operations began at dawn, Sicilian time, on Saturday, July 10, when the British, United States and Canadian troops commenced landing on the shores of Sicily. The landings on the beaches had been preceded by allied paratroop landings beyond the coastal defences.

According to statements made by prisoners, the landings were a complete surprise and caused much confusion. The element of surprise, combined with the fact that the landing areas were defended only by static or semi-static Italian troops, resulted in very light casualties for the landing forces. The bulk of enemy operational divisions were in the central part of the island.

The Canadian division, now identified as the first division, landed at the southeast tip of Sicily. Two and one-half hours after landing they had captured their first objective, and made contact with the British division on their right flank. Meanwhile British and American forces had landed to the east and west of the Canadians.

Canadian troops captured the airfield at Pachino six hours after landing, and a short time later were in Pachino itself.

On Monday, July 12, General Eisenhower visited the Canadians on Pachino peninsula. He sought out Canadian headquarters, but headquarters was moving forward so rapidly that he was unable to make contact. That day the Canadians captured several inland towns. The first enemy counter attack was met and beaten off.

At Ragusa, an important inland junction about 25 miles northwest of Pachino, the Canadians made their first contact with the American forces.

I believe that this is the first occasion on which Canadian and American troops have been fighting side by side. We were, of course, both engaged in the last great war together, but I think this is the first time that Canadian and American troops have actually been fighting shoulder to shoulder in action overseas.

Shortly before midnight, Augusta, an important naval base, nineteen miles north of Syracuse was captured by British and Canadian troops. The port is stated to be in perfect working order.

On Tuesday, July 13, Canadian troops made further advances, repulsed counter-attacks and captured the first Italian general to surrender, together with his headquarters staff.

On Wednesday, July 14, Canadian armoured forces landed at Syracuse and moved north, while other Canadians were making progress over forty miles northwest of their landing places. It was revealed that day that the Canadians formed part of the eighth army, under the command of General Montgomery.

On Thursday, July 15, the eighth army including the units of the first Canadian division continued its advance along the east coast towards the Catania plains repulsing strong counter-attacks.

Yesterday, July 16, the advance continued on all sectors, and by the end of the day which completed the first week of operations, a wide arc enclosing about a quarter of the island had been occupied by the allied forces. Over 20,000 prisoners and a large quantity of arms and material had been taken.

So successful, within the week, has been the combined operations of the armed forces of the United States, Great Britain and Canada that yesterday morning, Mr. Churchill and Mr. Roosevelt felt justified in addressing to the people of Italy the proclamation which I read to the house at the opening of the morning sitting. The proclamation stated that the sole hope for Italy's survival lay in honourable capitulation, and that the time had come for the people of Italy to decide whether Italians would die for Mussolini and Hitler—or live for Italy and for civilization.

It is eminently fitting that the first division of the Canadian army should have been given the honour of taking part in the first major Canadian land operations of the war. The men of the first division were the earliest to volun-

teer; they have waited longest for action. They are the most seasoned formation of Canada's army overseas.

It will be a satisfaction to General McNaughton, who led this first division when it sailed for Britain in the autumn of 1939, and who led parts of it to France in the summer of 1940, to have seen these officers and men, after three years of waiting, now carrying the fight into the enemy's camp with such conspicuous success.

Having this in mind, and realizing that the people of Canada would wish that an immediate word of congratulation should reach our troops upon their initial success, together with an assurance of our unfailing support of them, I sent the following message to General McNaughton on Monday last:

I know you must be exceedingly proud of the fine results of your long and ardous tour of duty. I congratulate you most sincerely on the achievement already evident in Sicily. Please arrange to have transmitted the following message to the Canadian Force Commander:

Message begins: Major-General Guy Simonds, Commanding Canadian Forces, Mediterranean.

"All Canada rejoices in the news of the initial successes of Canadian troops in Sicily. Will you please extend to the officers and men under your command every good wish for the complete success of the hazardous operations in which they are engaged. Here at home, in Canada, the eyes of all are fixed on Sicily. We know that there is heavy fighting ahead. We know, too, that the Canadian forces will do honour to themselves and to our country. Please give to all the assurance that our hearts are with them, that Canada is proud of the patience and courage of her army overseas, and that Canada will not fail her fighting men." Message ends.

We have reason to be thankful that the Sicilian landing operations were completed with very light casualties. Also that the resistance encountered during the first week of operations has ben comparatively slight. The successes of Canadian forces in the field should not, however, leave us unprepared for word of much heavier fighting which may follow at any time. There are strong enemy forces on the island and already stiff resistance has been encountered. Provided we guard against undue optimism, the people of Canada have every reason to rejoice at the results so far achieved in the first major operations in which the Canadian army has taken part. It is not too early to say that Canadian soldiers in Sicily are upholding the traditions established by the Canadian Corps of a quarter of a century ago.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, following the statement just made by the Prime Minister, I take it to read that the message to the Commander in Chief of the Canadian forces in Sicily was a message from the government and people of Canada to the forces under his command. I should like to ask the Prime Minister to couple it with a message from the parliament of Canada if that has not already been done in his message.

What the Prime Minister has said I think is most apt and appropriate in the circumstances. The upholding of the splendid traditions of our Canadian troops in these most recent operations is a matter of great national pride to Canada. While our troops have fought on many occasions with valour beside the troops of Britain and the other dominions, on this occasion our troops were fighting side by side with our American cousins to the south, and I think this will be hailed as another milestone in the close cooperation between these two members of the united nations who are engaged in this war.

We as members of the Progressive Conservative party want to join with the Prime Minister in the message which he has sent overseas and to ask him also to cable the good wishes and a good word from parliament itself.

Mr. MACKENZIE KING: May I just say that any of these messages I have sent are sent on behalf of the entire country. I hope that that will be understood. In the messages I am speaking both for parliament and for the people of Canada.

GENERAL HENRI GIRAUD

VISIT TO OTTAWA OF COMMANDING OFFICER OF FRENCH FORCES IN NORTH AFRICA

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, there is another matter or two which I think should be recorded in our *Hansard*

During the past week, as hon. members are aware, the government has had a visit from General Henri Giraud, the commanding officer of the French forces in North Africa, and co-president, with General Charles de Gaulle, of the French committee of national liberation. General Giraud is known to all for his heroism as a soldier, for his brilliance as a general, and for his complete devotion to the cause of France and of the united nations. He is the highest ranking representative of France to visit Canada since the black days of the summer of 1940. As a brave French officer, General Giraud is among the foremost of those who, throughout the war, have kept alive the military honour of France. In his own personality he embodies the heroic spirit of the French people.

After his escape from Germany and German-controlled France, General Giraud's presence in North Africa, immediately prior to the allied landings, became a powerful factor in helping to rally all Frenchmen in Africa to the cause of the united nations. Without the liberation of North Africa, the invasion of Sicily, which has been so brilliantly commenced, could not have been undertaken.

General Giraud's visit enabled our government to receive at first hand a full account of developments in North Africa, and to discuss means whereby, in the coming months, Canada may be able to contribute aid to the French forces which now are taking their place with British, American and Canadian forces in the liberation of Europe.

Among the measures of cooperation which it is hoped to extend to the French national committee in Algiers is that of assisting, under our mutual aid legislation, in the training as aircrew, of a number of young French cadets from North Africa, in the schools in Canada of the commonwealth air training plan.

An especially pleasing feature of the visit of General Giraud to Canada's capital was the wholehearted way in which representatives of all groups of the supporters and friends of France joined in demonstrating the unity of their support for the French committee of national liberation of which General Giraud and General de Gaulle are the co-presidents.

RIGHT HON. H. V. EVATT

VISIT TO OTTAWA OF ATTORNEY GENERAL AND MINISTER OF EXTERNAL AFFAIRS FOR AUSTRALIA

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker during the week, as hon. members are aware, the government has had a visit from the Right Hon. H. V. Evatt, Attorney General and Minister of External Affairs of the Commonwealth of Australia.

When Doctor Evatt last visited Ottawa, in the spring of 1942, Japanese threats to the security of Australia were very great indeed. During the months since, the combined efforts of the armed forces of Australia and the United States have held the Japanese enemy at bay and have frustrated his attempts to consolidate his hold on the land base which most nearly threatens the Australian mainland.

During his visit, Doctor Evatt discussed with my colleagues and myself possible means by which, under our mutual aid legislation, additional supplies might be made available by Canada to Australia. We also discussed means whereby assistance might be given in other ways which would serve to further the common interests of Australia and Canada in the destruction of enemy power on the Pacific. Some aspects of post-war planning were also discussed. Doctor Evatt's visit served to emphasize how clearly the defence of Australia and the defence of Canada are both part of the world-wide fight for freedom. In particular, it helped to underline the extent to which the control of the northeast Pacific by American and Canadian forces, including the destruction of enemy forces in the Aleutians, is aiding in the final defence of Australia, just as the control being achieved by American and Australia forces in New Guinea, the Solomons, and elsewhere in the southwest Pacific, is aiding in the final defence of Canada.

BUTTER BOXES

STATEMENT WITH REFERENCE TO SHORTAGE IN QUEBEC PROVINCE

On the order for motions:

Hon. T. A. CRERAR (Minister of Mines and Resources): A few days ago the hon. member for Shefford (Mr. Leclerc) directed an inquiry to the Department of Agriculture on a shortage of butter boxes in Quebec province, especially the eastern townships, and I promised to get him what information I could on the matter.

I am advised by the Department of Agriculture that an officer of their dairy branch has been in the province of Quebec looking into the matter of a shortage of butter boxes. It is further advised that the trouble is due largely to a shortage of labour; there is timber available, but not the workers. The question has been taken up with national selective service and it is hoped to remedy the situation.

JAPANESE NATIONALS

TABLING OF EXCHANGE OF NOTES IN 1907 BETWEEN JAPAN AND CANADA

On the order for motions:

Right Hon. W. L. MACKENZIE KING (Secretary of State for External Affairs): Mr. Speaker, I now table exchange of notes between Japan and Canada on the restriction of Japanese immigration into Canada. I promised the hon. member for Vancouver South (Mr. Green) that I would do so.

PRIVILEGE—MR. HANSELL

EXPORTS OF COAL—QUESTION AS TO DISCLOSURE OF DESTINATIONS

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I rise to a question of privilege, which, I think, will be discovered to be a

privilege affecting every member of the house. I asked a series of questions some few days ago, which questions were passed as an order for return; it was in respect to the production and export of coal. The second question was:

What is the total tonnage of coal exported, and to what countries, for each of the years 1939 to 1943?

The answer comes, from the Department of Trade and Commerce I think, to this effect: In keeping with the present practice in the United States and the United Kingdom it is deemed inadvisable to state the importing countries. My point of privilege is that I am unable to get the information as to what countries this tonnage of coal was exported to. May I now ask a question of the minister on the basis of the answer which I received here. Is the practice not to reveal countries to which we are exporting coal a temporary policy of the government on account of the war, or is this a permanent policy, that we are never to know what countries coal is exported to?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, I can assure the hon. gentleman that the policy of the government not to reveal destinations of exports is purely a war matter. I may say at the same time that this matter gives us a very great deal of trouble. There are certain exports the destinations of which should not be revealed. I personally do not see much harm, if any, in letting anybody know to what country coal and certain other articles are exported, but it is hard to draw the line, and the practice generally followed is to maintain secrecy as to all exports.

BUSINESS OF THE HOUSE

ANSWERS TO QUESTIONS—OUTSTANDING ORDERS FOR RETURNS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, while I have no idea how long the session is to last, there are a number of matters passed as orders for returns and some questions on the order paper the answers to which I would like the Secretary of State not to defer too long. Perhaps on Monday, if he does not mind, he might do as he did prior to the Easter recess, and that is give the house a list of matters which have not been answered or orders for returns which have not been complied with; so that we shall know exactly where we stand in respect to this matter.

Hon. N. A. McLARTY (Secretary of State): It runs in my mind that of 522 returns ordered, all have been returned except 54. About a week ago I asked the official in my department having charge, in view of the fact that we are approaching the close of the session, to do everything possible to expedite these returns. I know he has done so. I shall be very glad to do as the leader of the opposition requests. I take it that what he is asking for is a return as to each item, not just the figures as to it, but each outstanding order?

Mr. GRAYDON: That is right.

Mr. McLARTY: I will see that it is done.

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO BETTING, PREVIOUS OFFENCE CHARGED, ETC.

Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of bill No. 107, to amend the criminal code.

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

Sections 1 to 5 inclusive agreed to.

On section 6—Escapes and rescues.

Mr. HANSON (York-Sunbury): The words "or subsequent" are added—"or subsequent to his conviction." I assume that some case has arisen which makes this necessary in the administration of justice. Perhaps the minister will explain.

Mr. ST. LAURENT: It came about in this way. There was a test case before the court of appeal; the magistrate dealing with another case wished to have the benefit of the decision that would be given by the court of appeal before pronouncing sentence, and when the time arrived to recall the convicted person for sentence difficulties arose over this section in the code.

Section agreed to.

On section 7—"Common betting-place" defined.

Mr. NEILL: The same principle is involved here as I was discussing last night in connection with another bill. It presses to an extreme degree the liability to prosecution by the use of language that is so conclusive and comprehensive as to take in almost anybody under any conditions whatever. The section as it stands now in the old act, giving the definition of a common betting-place, reads:

. . . opened, kept or used for the purpose of facilitating or encouraging or assisting in the making of bets upon any contingency or event, horse-race or other race, fight, game or sport, by announcing the betting upon or announcing

or displaying the results of horse-races, or other races, fights, games or sports, or in any other manner. . . .

And so on. That is the present definition of a common betting place, and it is now sought to be amended by putting in the words "used or intended or likely to be" used for the purpose, and so on. That embodies the same vicious principle to which exception was taken last night. Section 8, the next section, applies the same principle to newspapers that circulate information calculated to assist people in betting, and now the mere fact of advertising the results of sports—baseball or any other sport of that sort—would render them liable to a heavy penalty. This is an indictable offence, making the accused liable to a year in gaol without apparently the option of a fine. "Used or intended or likely to be used." We know of places such as pool rooms and cigar stores where it is the custom for men to gather in the evening to learn, over the radio or otherwise, the results of sporting events of the day. It is now going to be made a penalty, a very serious offence, if you have a place where you do that, even if it is only "likely" to be used for that purpose—"intended or likely to be used." Is not that going rather far in restricting the liberties of the people? The explanation given on the opposite page is this:

The object of this amendment is to make more practicable the enforcement of the provisions of the criminal code with respect to betting.

I respectfully suggest that instead of making it more practicable it simply makes it easier and more convenient for the officers of the law. It is intended to make it easier for the officers of the law to secure conviction because at present they have to break into a place and find people engaged in betting and so on, and of course the material is there, whatever it may be. Now, however, it is simply sufficient to allege that the place is "intended or likely to be used" for the purposes mentioned. Surely that is carrying things too far. It is the old and evil doctrine of convicting a man first and letting him prove himself innocent if he can. Last night, speaking of a similar bill, the minister in charge, the Minister of Transport, was able to invoke the war as an excuse. It was a war measure, he pointed out, and we have to submit to certain restrictions of our liberty in war time, but that afterwards these restrictions would be removed. But this is not such a case, because we cannot conceive that the success of the war depends in any degree upon some petty cigar store being prosecuted for running a betting-place. And, as I say, the penalty is severe. Such places are classed along with common bawdy houses as disorderly houses, and the penalty is up to one year's imprisonment and on repetition two years without a fine.

I suggested last night that in modern times the custom has been not to inflict very severe penalties with the idea of preventing crime. We have found that it is better, both from a humanitarian standpoint and as a matter of common sense, and moreover it is more effective, to make the punishment fit the crime without being excessive. Look back over history and you will recall that a hundred and fifty years ago it was quite a common thing to deport people to Australia as criminals, and sometimes, going further back, to hang women for stealing a loaf of bread. Many instances are on record where such things were done. The idea behind such penalties was that extreme severity prevented crime. But the inhumanity of it dawned gradually upon people so that we no longer inflict such penalties.

I was curious to see what definition the dictionary would give of this word "intended," and I found it meant affianced lover. That did not give me much light. I want to know how anyone can tell what I "intend" to do under any given circumstances. I wonder the press gallery are not interested in this, because they also are liable under section 8.

Mr. ST. LAURENT: We have not reached section 8. If the hon. member will allow me to intervene at this stage I have an amendment to section 7 which will meet for the most part the objection he has voiced. Perhaps it would save time if I were allowed to put the amendment now. With respect to section 8 I shall have a modification to suggest which may facilitate discussion, but as regards section 7 I would move:

Strike out the second word "or" in line 35 and substitute therefor the following: "to be used or outfitted or equipped in such a manner as to be."

As amended it would read:

Used or intended to be used or outfitted or equipped in such a manner as to be likely to be used.

Mr. HANSON (York-Sunbury): I do not think that that carries the minister very far. It is a little more qualified, that is all; but the objection on principle remains. It is a question of intent. What is the equipment or outfitting that is had in mind? A telephone in a library or living room, or a radio might, in the opinion of the convicting magistrate, be sufficient to constitute a common betting-place. I do not know what gives

rise to this particular class of legislation. I assume it arises out of the failure of the provincial authorities to get all the convictions they desire. It may be that they are justified in asking the consideration of parliament to this type of legislation. But I do suggest that it is a type which smacks of prohibition days, about which the hon. member for Essex East so often reminds me, and concerning which he expresses some surprise. While I do not think a high court judge would be influenced by this type of legislation to any very great extent, it is the sort of legislation which gives prosecutors and the type of magistrate we sometimes see on police court benches an opportunity to go much farther than they might otherwise go. That might be the effect, if the police magistrate had that particular type of mind which happens to be out on a witch hunt, where he would convict one of anything.

I should like to know the reason for this legislation. I remember in the days of prohibition having been shocked when I read of the sort of procedure, and the sections relating to prosecutions arising from temperance legislation of days gone by. In my early days as a lawyer I had a great deal to do with prosecuting, as well as defending, and most frequently came in contact with the old Canada Temperance Act. I was glad to lay down the burden when prohibition came in, because I did not want anything more to do with it. I suppose that in my lifetime I have been connected with at least five hundred cases having to do with violations of the liquor laws.

Mr. MARTIN: That is, law cases.

Mr. HANSON (York-Sunbury): Oh, yes, not the other kind of cases. I was shocked to see the type of legislation these legislatures put into effect. It seemed to me that a good deal of it must have come from some of those fundamentalist states we read about, down in the south, where—

Mr. MacINNIS: Where they do not believe in evolution.

Mr. HANSON (York-Sunbury): Yes, where they do not believe in evolution, and where they frown on everything. In principle, this is the same kind of legislation; and unless the minister can show some real cause for it, I do not think he ought to proceed with his amendment. I was surprised to find this provision in the bill, because from his statement upon introduction I understood there was to be in this measure no new substantive law. This is legislation of that kind, and I do suggest that it is a widening of the definition of a betting house or a gaming house, and that therefore it changes the substantive law of the country.

Unless the minister can make out a case, I am opposed to this type of legislation. There is a burden of proof placed on the crown or upon the prosecution, and that should not be eased through the lifting of that burden by parliament, or by making it easy for a magistrate to elect that in the exercise of his judicial discretion he may place an interpretation upon a set of circumstances or a certain position which a reasonable man would not do. That, it seems to me, is the possibility under this amendment. The effect will be to make it easy to get convictions, in lieu of a position under which it was more difficult to do so. I hold no brief at all for betting, or anything of that sort. I do not take part in it.

An hon. MEMBER: You should.

Mr. KINLEY: Everybody does.

Mr. HANSON (York-Sunbury): Not this type of betting, bookmaking and the like. I do not think we ought to make it easier. I suggest further, that there is a principle involved. Before proceeding I say the minister must justify the use of this language.

Mr. DIEFENBAKER: Would the minister explain, when he rises to reply to the hon. member for York-Sunbury, what the amendment is going to be to section 8, so that we may discuss it now?

Mr. ST. LAURENT: With respect to section 8 I had intended, if section 7 is adopted, to ask the committee to add:

> Provided however that the provisions of this paragraph shall not apply to the publication of news or records in relation to any race, fight, game or sport, or to contestants therein, in the ordinary course of publishing a bona fide newspaper.

Mr. HANSON (York-Sunbury): That helps.

Mr. ST. LAURENT: Before proceeding further may I make my position clear, because I believe what I shall say will be informative. The criminal law, including criminal procedure, is within the exclusive jurisdiction of parliament. But the administration of criminal law is within the jurisdiction and is the responsibility of the attorneys general of the provinces. It is perhaps the one instance in connection with which legislative jurisdiction is in one body and administrative jurisdiction is in one or more other bodies. This is the only place where an amendment can be made to the substantive law, or to the procedure. The attorneys general of the provinces have the responsibility of enforcing

the law, and therefore they are closely connected with the application of the rules of procedure we lay down. From time to time they make representations to the federal department that, in their view, certain improvements should be made in the procedure. The stand taken by the federal department is that when a plausible case is made out for one of these representations it would be improper for the department not to bring it before parliament. Parliament is composed of people representative of the population of the whole country. They are at the same time inhabitants of Canada and of their own respective provinces.

Mr. HANSON (York-Sunbury): The minister is carrying that doctrine further than his predecessor. He had to be convinced it was a proper change before he would bring it in.

Mr. ST. LAURENT: That may be; but my view is that when a plausible case is made out by an attorney general or by attorneys general for an amendment with respect to procedure I feel it my duty to bring it before parliament, because parliament is the only body which can deal with and pronounce upon it. I would not take the same view with respect to the creating of substantive crimes. That, in my opinion, is on a different footing.

Mr. HANSON (York-Sunbury): The minister thinks this is a matter of procedure.

Mr. ST. LAURENT: The principle behind this amendment is the desire that betting should be curtailed. The section which it is now proposed to amend is not one which creates a crime, but rather one which defines a common betting house. There is another provision which says it is an offence to keep a common betting house.

Mr. BOUCHER: It really enlarges the crime, though.

Mr. ST. LAURENT: No, I submit not. It does not change the thing which parliament wished to curtail.

Mr. HANSON (York-Sunbury): Therefore it is a matter of procedure.

Mr. ST. LAURENT: It is a matter of procedure, as to how we shall go about it, to lessen what was looked upon as the evil of betting.

Mr. HANSON (York-Sunbury): Not quite that; it is the intermediate stage.

Mr. DIEFENBAKER: It has to do with the evidence upon which convictions may be secured.

Mr. ST. LAURENT: Of course that is practically the same thing. These provisions of the criminal code cannot be expressed only in the form of pious wishes; they have to be accompanied by provisions whereby they can be enforced against those who would not give way to the expression of a pious wish. There have been representations from the attorneys general of three provinces that the, to them, evil of betting was increasing, and that it would be of advantage to tighten up the methods of restriction provided by the code; and the form in which the amendments were first presented here was the form suggested by those gentlemen. After the bill was printed and became known, representations were received by the department making objections of the kind voiced here this morning by the hon. member for Comox-Alberni. On considering the matter I thought the objections were well taken and that the mere word "likely" was too broad. For that reason I have brought in this morning the suggestion that it should not be left so that anything at all could be held to be "likely", but that it should be confined to a place outfitted or equipped with the things usually found in places used for that purpose. I do confess that this removes the necessity of proving subjective intent on the part of the person prosecuted, but the purpose of the law is not to assure the purity of mind of the person charged; what is aimed at is to curb the effect, and this would make it sufficient to prove objectively that what had been provided was a thing that brought about the result we wished to eliminate. My position in that regard is that I am going to suggest that section 9 be dropped. That section concerns the telegraph and telephone companies. We in the department had thought that by using this language we would be giving them further protection, but they do not think that is so, and for that reason I am going to ask the committee to allow this section 9 to be dropped.

Mr. HANSON (York-Sunbury): Was section 9 asked for by any of the attorneys general?

Mr. ST. LAURENT: What was asked for by the attorneys general was much more drastic than I would care to submit to the house; I do not think there was a plausible case made out for it. What was asked for by some attorneys general was that it be a crime to let any of this news come over the wires. I did not think there was a plausible case presented, because that would curb legitimate activities at the same time that it would

eliminate the thing these attorneys general wanted to eliminate. I thought that on balance the inconvenience of curbing legitimate activities would be greater than the inconvenience of being unable to prevent the facilities from being used from time to time for purposes that may be undesirable.

Mr. DIEFENBAKER: What attorneys general suggested the changes that were made in sections 7 and 8?

Mr. ST. LAURENT: Section 7 was suggested by the attorney general of Ontario and the attorney general of British Columbia, and concurred in by the deputy attorney general of Alberta. Section 8 was suggested by the deputy attorney general of Alberta, concurred in by the attorney general of British Columbia, and favourably commented upon by the former attorney general of Ontario.

Mr. DIEFENBAKER: Who was that?

Mr. ST. LAURENT: Mr. Conant. My position with respect to what is to be left of sections 7 and 8 is that I bring them before the house, and represent to the house that they have been suggested by the attorneys general of two or three provinces; that they appear plausible, and that this is the only body which can deal effectively with the matter. I am going to listen, to see if the proposals receive support from any of the representatives of the population of Canada, and if they do not receive that support I think I shall be entitled to conclude that the evil suggested by the attorneys general is not sufficiently apparent to have created a very great impression. That is the position. I do not think it would have been proper for me to say to them, "No, you cannot even get this before parliament." They are the ones who are administering these laws, and they say it would appear to them desirable to have them tightened up in this way. They have pointed out that there was a growing evil of increased betting by people who should not be using their resources at this time in that way; that large sums were being lost, and the suggestion was made that it required conversion into American exchange for the profits arising out of these transactions to be transmitted to those to whom they were finally destined. But if the situation is not such that members of this house have seen the evil and recognized that something should be done about it, I do not intend to insist upon the passage of even these modified sections 7 and 8.

[Mr. St. Laurent.]

Mr. BOUCHER: Could the minister give any figures that would indicate the number of unsuccessful charges that have been laid, and the number of successful charges? I speak with some experience in the matter, and I have in mind that it is more difficult to get the principals to lay charges against the keepers of common gaming houses than to secure a conviction once a charge is laid. That being so, I do not know that we are getting anywhere by taking this action. I think perhaps the minister could persuade us of the necessity of this amendment if he could show us that there has been great difficulty in securing convictions, that in spite of so many charges having been laid, few convictions have been registered. That would definitely indicate that an amendment to the procedure was necessary, that communities desiring to stamp out this evil had done their best but that something in the law made it so difficult to obtain convictions that the social reform desired was impeded. Unless that situation is made evident, however, I do not think we should so extend procedure as to enlarge the crime and thus make it more difficult to institute an action and secure a conviction. I think it is generally acknowledged that if a penalty is very severe it has the effect of lessening the number of charges laid. If the provisions dealing with intent are made very wide, it leads to great variation in the way in which these matters are dealt with by various judges or magistrates. It may be found that in certain communities, where revenue is sought, they revert at times to a loose and easy way of getting convictions, the purpose being to secure fines rather than to bring about a moral uplift. We should look at that carefully and not facilitate the securing of convictions by magistrates or judicial officers who may be seeking to obtain revenue rather than to raise the moral standing of their community. I think all of us know that in certain communities for many years the gambling interests have been prosecuted periodically. They pay their fines and the next day return to business and carry on for some time unmolested. It is hard to convince the public that there is a wholehearted desire to stamp out gambling, that there is not just a desire to obtain revenue.

Mr. HANSON (York-Sunbury): Surely that is not done in Ottawa.

Mr. BOUCHER: I shall not make any comment as to where it is done. Perhaps if we read the news about the Ottawa district we might find some reference to this. I do

not think we should make it easier for those who go after convictions to obtain them in the court.

Mr. DIEFENBAKER: I find it difficult to follow the argument which has been advanced by the Minister of Justice as to why these amendments were introduced. In my opinion this amendment does not result in the constitution of any new offence or in the widening of an offence. It is purely procedural; it provides an opportunity for the crown to establish that an offence has been committed without having to prove, as has heretofore been the case, that the premises are kept or used for the purposes of making bets. As originally set out in the bill the proposed section would have constituted the most dangerous invasion of the rights of the individual that could possibly be imagined. The hon. member for Comox-Alberni pointed out the situation quite clearly, not only to-day but last evening. However, the amendment which is now suggested does not appear to me to be open to the objection that could be taken to the original amendment.

Mr. ST. LAURENT: Certainly not to the same degree.

Mr. DIEFENBAKER: Not to the same degree. The words of the amendment are, "intended to be used," in other words intent must be established. Then the amendment reads, "or outfitted or equipped in such a manner as to be likely to be used." The operation of a gaming house where people resort or have the opportunity to lay bets is a crime according to the law of the land. As I see it, all that is being asked for by this new amendment is that the crown be not required to prove something that it has been almost impossible to prove affirmatively, namely, that the premises have been kept or used for the purpose of facilitating bets.

There have been quite a number of cases in which courts of appeal have held that the evidence was not sufficient to bring the charge within the strict provisions of the code. I cannot understand the minister's attitude when he says that if hon. members of the house do not think that betting is serious and widespread the amendment will not be proceeded with. As I say, this does not constitute a new offence; it does not make a crime of something which has not been a crime heretofore; all it does is to facilitate the conviction of the wrongdoer who heretofore has been able to secure an acquittal.

Generally speaking, these particular provisions have been the statute law of the land for over forty years, or for almost one hundred years under the common law, without amendment. The modern bookmaker is able to evade the law as it stands at present. I feel that the objection which was pertinent when the bill was introduced, namely the words "or likely to be used" has been removed. As a matter of fact, I think the Minister of Justice is to be commended for having introduced the number of amendments he has. The criminal code is hopelessly out of date in many of its sections. There are a great number of anomalous sections and there has been no endeavour since our criminal law was first codified to revise it with a view to bringing it up to date. Different interpretations have been placed upon the same section by different courts. We continue year after year to use the same code, making only a few changes or adding a patch here and there instead of once and for all bringing it up to date after a period of fifty years. We should appoint a parliamentary committee, or a committee representative of the attorneys general and composed of outstanding counsel, to go over the code and bring it up to date, to the end that the purpose of the codification may be secured, namely, that the law shall be clear so that justice shall be done. Sections have been permitted to remain in the statutes which have no meaning whatever. "Or" has been interpreted as "and", an interpretation that is contrary to the actual intention. This is but one example of a section that should be revised.

I do feel that the minister should give consideration to the desirability of having carried out a piece of work that would be monumental in its results, that would be tremendous in its scope. It would require some years of effort, but it would make our criminal code something worthy of our country. Codification is intended to represent the law as it actually is at the moment it is codified. I ask the minister to give consideration to taking what I believe would be one of the most forward-looking and advanced steps that could possibly be made, namely, the removing of the anomalies that now exist in many sections and the recodifying of the criminal law thereby bringing it up to date and in accordance with modern practice.

Mr. REID: I do not think an attempt should be made to intimate that members of the committee are in favour of the encouragement of betting or gaming houses. I do not think that need be stressed at all. My chief objection to the amendment is that it places a greater burden on the accused to prove further that he is innocent, and that is something which I believe we should not do. The old adage that a man is innocent until he is proved guilty would not obtain under this

legislation, and the amendments proposed only make the position of the accused worse in his having to prove himself innocent.

The minister has said that two attorneys general have asked for this amendment, including the attorney general of Ontario. Has the minister brought his information up to date? There is a new attorney general for the province of Ontario, and he might not approve this amendment.

Mr. HANSON (York-Sunbury): Who is he?

Mr. GRAYDON: They change so often.

Mr. REID: I think these amendments might very well be left over for a time at least, although some of the amendments proposed may seem to have considerable merit. I am glad that the minister is open to suggestions, but the amendments proposed do not in my opinion take care entirely of the situation. I have in mind that in British Columbia there is published the *B. C. Breeders' Gazette and Racing Manual,* and under this amendment a man might be charged simply because he had this publication in his possession as betting or aiding betting material. I suggest that delayed consideration be given to the amendments.

Mr. NEILL: I must agree with the hon. member for York-Sunbury that the amendment proposed by the minister does not do much to relieve the objections. I look at it in this way. It says "used or intended", and there is a comma there. That settles that. That brings within the act the person who uses or intends to use. Then if it had gone on to say "and equipped" it would have been different, but it says "or". A man "intending to use," can be convicted on those words, even though not "equipped". That is a separate offence so to speak. I do not see a great deal of improvement in it.

The hon. member for Lake Centre suggested that the minister had left it for the house to decide whether it wanted gambling or otherwise, but that was not my view. I think the minister was doing a very fine thing when he proposed to take away the support of the government from the measure and leave it to be decided by those who are the representatives of the people. Certainly the question as it presents itself to my mind is not: Do we want betting? The question is: Do we want a worse evil created as regards the liberty of the subject than would be created by doing away with this section altogether? As the minister has been kind enough to put it up to the house, I would move, in order to crystallize the situation, that section 7 be struck out.

[Mr. Reid.]

Mr. HAZEN: In my opinion the amendment proposed to be made by section 7 to section 227 of the criminal code is most objectionable, and I think the amendment which the Minister of Justice moved this morning, if I understood it correctly, is almost equally objectionable. This amendment is a departure from one of the fundamental principles of our criminal law—that before a person can be charged with a crime he must have committed an overt act or must have failed to do something which the law says he shall do. This amendment makes it a crime for a person to have a wrongful intent. It is a retrograde step, an encroachment on the principles of British justice. If this amendment becomes law it places in jeopardy the freedom and security of the citizens of this country. It seems to me that if there is one duty more than another that members of parliament owe to their constituents, it is to be zealous in guarding their freedom and security and maintaining the fundamental principles of British justice.

In the fourteenth century the opinion was held by some legal authorities in England that the intention to commit a crime constituted an offence. In the sixteenth century such an objectionable doctrine was overruled, and the principle was established that the intention to commit a wrong was not in itself a crime. The reason for this change in the law, I think, is obvious. It was made, I believe, because of the extreme difficulty, if not impossibility, of proving what was going on in another person's mind at a particular time, and because of the fact that even if that were proved, it was impossible to find that that person might not on further consideration change his mind and commit no offence. This amendment, if it becomes law, is a step back towards the middle ages.

In Holdsworth's History of English Law, volume 8, page 443, I read the following:

> It was well settled in the 16th century (in spite of the opinion to the contrary held in the 14th century) that a mere intention to commit a crime, unaccompanied by any overt act, entailed no criminal liability. "The imagination of the mind to do wrong" it was held in Hales v. Petit (1563) Plowden, page 259, without an act done, is not punishable in our law, neither is the resolution to do that wrong, which he does not, punishable but the doing of the act is the only point which the law regards; for until the act is done it cannot be an offence to the world, and when the act is done it is punishable.

That case quoted by Holdsworth was decided in the reign of Queen Elizabeth.

I turn now to a judgment delivered in the twentieth century, to a judgment of Mr. Justice Riddell, of the Supreme Court of

Ontario, in the case of Rex v. McCarthy, decided a few years ago, and I read these words:

. . . an intent is not enough for as Chief Justice Bryan said in Year Book 17 Edward IV, 2 pl. 2—

I might say that this case was decided before the reign of Queen Elizabeth:

"The devil himself cannot try the thought of a man".

And Judge Riddell adds:

It would be hopeless to look for greater subtility in the courts. Intending to commit a crime is not the same as attempting to commit it.

Our criminal code provides that a person is liable to a year's imprisonment who is found guilty of keeping any disorderly house; that is to say any bawdy house, common gaming house, or common betting house. A common betting house is defined by section 227, which is the section now proposed to be amended, as:

A house, a room or place (d) opened, kept or used for the purpose of facilitating or encouraging or assisting in the making of bets,

And so forth. That is a good definition. That is a real definition of what a common betting house should be. But this amendment would change that definition. It would define a common betting house as a house, office, room or place used—and here are the words to which I wish to call attention—"or intended, or likely to be used, for that purpose". The definition goes altogether too far; it makes an intention a crime.

I would ask hon. members what they would think if a person in their constituency was summoned to court charged that between a certain day and a certain day in a certain month he did unlawfully intend to keep a disorderly house, to wit, a common betting house at a certain named place for the purpose of betting contrary to section 229 of the Criminal Code of Canada. A man is charged with the intention of doing something, charged with an idea he has in his mind and which he may subsequently change. The whole thing is absolutely wrong and is absolutely out of place in this age.

What a man may intend to do and what he actually does are, very often, two entirely different things. Second thoughts are often best, yet under this amendment it is an offence to intend to do an act even though that intention is not carried out and the act is never done. It seems to me that this is going entirely too far, and that you cannot justify upon any principle a law of this kind.

There are various classes of crimes. Some are more serious than others. Betting is not one of our more serious crimes; in fact some corporations are permitted under certain statutes, restricted as to time and place, to operate pari-mutuel systems of betting. Why should it be necessary to make such a drastic alteration, for a minor crime, in the principles of our criminal law? It seems to me that that is a question which is hard to answer. A precedent should not be established. We are told, in the explanatory notes to this bill, page 2, that under the code as at present worded—

. . . the crown, in order to obtain a conviction, must prove that the house, office, room or place alleged to be a common betting house was actually opened, kept or used for the purpose . . . of facilitating or encouraging or assisting in the making of bets. . . .

I submit that that is exactly what should be proved if justice is to prevail in this country. A man is presumed to be innocent until he is proved guilty, and it seems to me that the onus should be on the crown to prove that the house, room or place alleged to be a common betting house was in fact used for that purpose by the accused, before it can obtain a conviction for the offence.

Mr. HANSON (York-Sunbury): That is the law to-day.

Mr. HAZEN: That is the law to-day. That is the law they propose to change by this amendment. This explanatory note goes on to say that:

Under the amendment it will be sufficient if the crown proves that the house, office, room or place was used or intended or likely to be used for such purposes.

This clearly shows that the amendment proposes to make an intention an offence, and I say we should have none of it.

We are told that the suggested amendment was submitted by the attorney general of Ontario and concurred in by the attorney general of British Columbia, and I think the minister said to-day that a third attorney general had suggested this amendment, although the name of the province he represents does not appear in the notes to the bill. But I would say this, that there are some crown prosecutors who take an exaggerated view of offences which, when all is said and done, are not very serious offences. They take an exaggerated view of them on some occasions when they fail to secure convictions. Some crown prosecutors are over-zealous, and look for easy ways and short-cuts to obtain convictions when they believe offences have been committed. To change a fundamental principle of our criminal law to make it easy to obtain convictions against citizens of this

country, who may be innocent, is a step in the wrong direction; it is a departure from British principles of justice and a step towards a new despotism.

Under our criminal law a person must do an overt act before he can be charged with a criminal offence. That principle is based on reason and common sense. It has stood the test of time. It should not be encroached upon to enable over-zealous crown prosecutors to obtain convictions for a crime which cannot be regarded as a very serious one. There may be parts of Canada in which a good deal of betting is going on at the present time, but to take a step of this kind to put an end to it is, it seems to me, introducing a cure which is and will prove to be much worse than the disease. So far as I am able to, I protest strongly against the proposed amendment, and if I am in order I will second the amendment to the amendment made by the hon. member for Comox-Alberni.

Mr. GREEN: I rise to support wholeheartedly the section as it has now been submitted by the Minister of Justice. I praise him for bringing in this amendment to the code and also for making the improvement which has been made to-day. I suggest that he will not go very far wrong if he listens to the points made this morning by my colleague the hon. member for Lake Centre, who is one of the outstanding defence counsel of Canada. I was very much impressed by his submission this morning, and when he said that the amendment as it now reads is a reasonable amendment I think that may be taken as gospel truth.

Some suggestion has been made that this is only a matter of a minor offence, that there is nothing much to it, that it is only a little bit of betting on the side. Well, actually in British Columbia, and I believe in Ontario, this is a big-money racket, having, I believe, widespread connections with the underworld; and the betting is not on local horse races but on races held in the United States.

Mr. HANSON (York-Sunbury): The Kentucky derby.

Mr. GREEN: It is on races of all kinds conducted in the states. It is estimated that from the city of Vancouver daily there has been wagered a sum of $30,000 under this scheme. The bookies who are in this business are not inoffensive, ignorant, innocent people; they are mighty keen business men who have figured out a way to defeat the law. That is the situation, and surely the parliament of Canada can face it and can put through an adequate remedy. I know that in our province the attorney general has been trying for several years to get an amendment put through to this effect. As hon. members know, he is Hon. R. L. Maitland, K.C., who also is one of the leading defence counsel of Canada and is thoroughly acquainted with the criminal code. He has been convinced for years that this amendment is needed. He is convinced that if such an amendment is not made these bookies will run wild.

That is the feeling in our province. I have here a press clipping of May 28, the day after the Minister of Justice introduced this bill, in which we find the following statement by the chief of police:

> "Bookmakers have had their innings in Vancouver," says police chief Donald Mackay. "They're on the defensive now. It's been a long, hard struggle to curtail their activities, but if the proposed amendments to the criminal code are passed the bookies will be forced out of business."

The next day there appeared in the Vancouver *Daily Province,* one of the leading newspapers of Canada, an editorial under the title, "Teeth in the Law", the last two paragraphs of which read:

> There is no doubt about the evil or the difficulty. Bookmaking on horse-racing and some other popular forms of sport has literally found its way into innumerable holes and corners from which the ordinary processes of the law have been increasingly impotent to dislodge it.
>
> It is bad enough when it is honest if illegal bookmaking within the gambler's code—bad in its demoralization of the lives of its addicts. It is worse when it becomes, as all experience shows, that it increasingly tends to become, a conscienceless racket. It is time long past due that the laws against the exploitation of gambling were provided with effective teeth.

It is all right for us to argue about what happened in Queen Elizabeth's time.

Mr. HAZEN: I did not argue about what happened in Queen Elizabeth's time.

Mr. GREEN: Then I withdraw that. It is all right for us to look back over the centuries and try to maintain the majesty of the law, British justice, and so on and so forth; but here is a condition, an evil that must be met, and it cannot be met by the provinces but only by the dominion parliament. I suggest that the law-abiding public of Canada are entitled to receive this protection from parliament at this time and I urge on the minister that he carry out his original intention and put through this amendment.

Mr. KINLEY: The idea expressed in this legislation seems to violate my sense of fair play. I am a layman, but I have had experience with amendments to the criminal law, both in the provincial legislature and here, and while I realize that the minister

is dealing with organized crime to a degree, and therefore must use drastic means in coping with it, I suggest however that when, instead of throwing out your net to catch criminals, you throw that net over a citizen and say to him, "Get out of it if you can," that is hardly British fair play. The thing that bothers me about this betting legislation is that the principle involved is that it is a criminal offence to take a chance. But everybody in the country does it. I cannot find many people in my section of the country who do not in some way or other take a chance or who are not in some way entertained by getting close to the border of this betting law. In order to satisfy public opinion we invoke the church and say that if the church does it it is permissible, or if the mayor of the town allows it you can have a bingo game or any of the other games usually played at fairs and exhibitions, which are therefore gambling places.

The difficulty about these provisions is that they affect all the people of the country, and when you make a law of this kind so drastic that the natural frailties of the people in a community are apt to be made crimes, that is not a good thing. It seems to me the minister might take into consideration the fact that he is dealing with a subject that has a great many applications. Even persons who play bridge may be affected; numberless people have bridge games where they give prizes and gamble a little. When you bring all these people into the net of criminal prosecution, I suggest that you are doing something about which we can hardly be enthusiastic. I trust the minister will consider this matter carefully.

Mr. STIRLING: The minister has told us that when this amendment saw the light of day he received many representations from the public. We know the opinions expressed of three of the attorneys general, and I should like to know whether he has received representations from the other six. If so, have any of them opposed this suggestion?

Mr. ST. LAURENT: The only other attorney general who has made comment to the department in respect of these classes since the bill was published is the new attorney general for Ontario, who said that in his view it would be desirable to postpone this until at least another session so that it might have further consideration. He was, I think, the only other attorney general who communicated with the department about these sections since the bill became public.

Mr. POTTIER: The member for Lake Centre indicated that there was no new offence, that the offence was not enlarged, but that it was a matter of procedure. Are the words "likely to be used" left in the section?

Mr. ST. LAURENT: Yes.

Mr. POTTIER: I submit that we are enlarging the offence. The original section used the words "opened, kept or used." This amendment uses the words "intended or likely to be used"—I am leaving out the other words about outfitting and equipping. The words "likely to be used" are left in the section.

Mr. ST. LAURENT: They are left in but are qualified by the amendment, "equipped in such a manner as to be likely." The likelihood is to be judged not generally but from the amount of equipment and outfitting that is found on the premises.

Mr. POTTIER: I still submit that we are creating a criminal offence which would not have been there before this amendment was introduced. On the general policy, I rather agree with the member for York-Sunbury and the member for St. John-Albert. We have to be careful about these amendments where we try to bring in by procedure what could not be got under the general common law. We saw what happened in the amendments to the customs act. The officials of the national revenue department found it difficult to obtain convictions. We saw one amendment after another, until it got to the stage that they could call in anyone, and he would have to answer all kinds of questions, and in some instances be asked to sign a statement. The result was that this procedure became wholesale, and they answered nothing. The law defeated itself. By trying to bring about convictions through matters of procedure they got no convictions at all, and the law was abused to such an extent that it received no respect.

I am always suspicious and afraid of these amendments which have as their fundamental purpose the making of convictions which otherwise could not be obtained. In some instances an offence may be enlarged so as to make it easy for officials who otherwise could not obtain a conviction. The suggestion of the new attorney general for Ontario, who I am sure must be a good one, should be examined, and it would be well to wait until next year. If he has not already been consulted, I should like to have the attorney general for Nova Scotia consulted in the matter.

Mr. MacINNIS: I have very little to say, because in a certain sense this is a matter for lawyers. Yet I think it is dangerous to leave it with the lawyers, because there may be more than one vested interest in a matter of this kind. To my mind, so long as the word "intended" or "likely" is in the section, I do not think it can be satisfactory. I must confess to knowing nothing about gambling or betting houses. I shall put the case in another way. If we were dealing with some matter affecting labour, a subject about which I claim to know something, and we found there was a section in a labour law providing that a trade union or an officer of a trade union were guilty of an offence if he intended to or was likely to advocate a strike, I would object to such a law. For the same reason in this case I shall have to vote against the amendment. Nevertheless I believe there is a great deal in what was said by the hon. member for Vancouver South and the hon. member for Lake Centre as to the evils with which we are dealing, and the facility with which the law can be evaded. I believe it has always been an axiom with us that a guilty person should go free rather than that an innocent person should be convicted. Because of the two points I have mentioned I shall have to vote against the amendment.

Mr. HANSON (York-Sunbury): As I expressed some opinions on the section at an early stage in the discussion, I should like to say one more thing. The minister brings in a government measure which has the approval of council. This is government policy. It will not do for the minister to say, under our system of responsible government, "Here it is; take it or leave it".

Mr. MARTIN: We ought to grasp at the opportunity to kill this thing.

Mr. HANSON (York-Sunbury): Probably so. However I am taking exception to the principle upon which the minister is sponsoring this bill. He should never have brought it in unless it had his approval. In dealing with criminal law under our system of responsible government, it will not do for the minister to come to parliament and say, "Here it is; take it or leave it." I have seen that happen before, and it is not responsible government at all.

I was inclined to vote for the amendment of the hon. member for Comox-Alberni. However, a startling statement has been made by the hon. member for Vancouver South, one which makes me uneasy. If in the city of Vancouver there is a system of organized crime with which the authorities have difficulty in dealing, under legislation now existing, admittedly that is an evil for which the Department of Justice is responsible, because it is the department clothed with the responsibility for enacting substantively or proposing criminal law in this parliament. Under these circumstances we are given occasion to pause and consider.

I have a suggestion to make to the minister. In my opinion he must assume responsibility for the bill. He ought to be sure there is a real case in support of it, one which cannot be met by the ordinary provisions of law as they stand to-day. He ought to satisfy himself on that point. If it cannot be dealt with, and we cannot stamp out that which is admittedly or at least is alleged to be a substantial evil—and I am impressed by what the hon. member for Vancouver South said in that regard—then he ought to put this bill through. But he ought to be seized of what the facts are. If in the opinion of those charged with the responsibility of administering the law in Vancouver this is the only way of dealing with it, with the modifications suggested by the minister, then parliament should not lightly throw this out upon the statement of a mere academic principle. Because there is no doubt that to a large extent we are doing away with the question of guilty intent if we pass this legislation. We must not forget that which the lawyers call *mens rea,* something which varies with various crimes. Very little of it is required in certain classes of criminal cases, and in other cases one must show very strong criminal intent.

My suggestion to the minister is that he let this matter stand until next session, that in the meantime it be reviewed by the Department of Justice, and further information obtained. The statement that $30,000 a day is leaving the city of Vancouver, through an organization of bookmakers, is a startling one.

Mr. HAZEN: It would have to get by the exchange board in some way.

Mr. HANSON (York-Sunbury): I have been wondering about that. How in the world do the foreign exchange control board let this money go out of the country for this purpose? The whole position ought to be reviewed, and I suggest that the minister let this section stand over until next session. If the department is convinced that the law as at present worded cannot be enforced, then let the minister come before parliament, with the support of the government behind him. I do not believe we know enough about the factual position to pass the

legislation this year, or to vote one way or another. From what I have heard, I would be embarrassed if I were to vote either way, because I have never yet knowingly supported the wrong. I may have been wrong, and I may have often supported the wrong, but I never have done so knowingly, and I do not wish to be put in that position to-day.

Mr. KINLEY: They are so relative.

Mr. HANSON (York-Sunbury): That is so. My suggestion therefore is that the position be examined more fully by the minister, and that then he should take the ministerial responsibility for either putting it through or not putting it through. The minister, under our system of government, must accept responsibility. He cannot fly kites. That is not responsible government as we understand it in Canada. Before bringing this provision before parliament he should have known that a great evil existed, and that it could be dealt with only in this way. Then he should put the force of the executive authority behind this in submitting it to parliament and say, "This is what we believe is absolutely necessary to eradicate the evil."

Mr. COLDWELL: It seems to me there is a great difference of opinion. I think we all want to tighten up this legislation in order to wipe out the evil; for evil it is. I was going to suggest to the minister that if there is to be some delay, or if the suggestion just made is to be carried out, information should be obtained from some of the cities in this regard. I have noticed in the newspapers, for example, that an investigation is going on in the city of Hull, which is right beside this city of Ottawa, dealing with gambling and other conditions. I have noticed from some of the evidence that has appeared in the newspapers that during the course of that inquiry bookmaking and betting have been mentioned from time to time. It seems to me that if the department has not gathered the information upon which it is able to base its desire for legislation, then that should be done. I would vote for anything that would stamp out this evil—

Mr. MARTIN: You would not want that done by violating principles which are fundamental in our whole society?

Mr. COLDWELL: No, but I would say that all law restricts the liberty of the individual to some extent, in the interests of the public good.

Mr. BOUCHER: It should extend the liberty of the individual.

Mr. COLDWELL: Well, inasmuch as it restricts the liberty of the individual to do wrong, it extends the liberty of the individual to live in a manner that is right.

Mr. MITCHELL: You should have been a lawyer yourself.

Mr. COLDWELL: I do not know; I am sometimes glad that I am not a lawyer.

Mr. MacKINNON (Kootenay East): Why?

Mr. BOUCHER: Let us not have a confession.

Mr. COLDWELL: I sometimes listen to lengthy dissertations by lawyers, and perhaps that is why I am glad I am not a lawyer. However, I rose to say that I do think the minister should be given every support in trying to stamp out this evil, but in doing so we should be sure of the premises upon which we act.

Mr. GRAHAM: I wish to add just a word as to the principle of criminal law which I am sure interests everyone who has had anything to do with the administration of justice in this country. I must confess that I agree with those who oppose the introduction of the principle of finding a person guilty on the basis of an intention, or on the basis that a certain thing is likely to occur. I do so for two reasons, one of which has been touched upon already by the hon. member for St John-Albert. The safest principle for criminal law, which is a penal statute, is to have an overt act a necessary ingredient of the crime. We all recognize that almost every human being has his moments of anger, his moments of ill-advised passion, and that often, mentally at least, he contemplates what would be a crime, serious or otherwise. In the great majority of cases, thank heaven, that intention is never carried into effect, and no overt act is committed. If we attempted in our criminal code to punish every person who intended or had thought of doing a criminal act, it would be merely a farcical attempt to enforce an impossible law.

I agree with other speakers; I know of no habit that will so surely sap the strength of a nation as widespread gambling, yet it seems to be inherent in human nature to wish to gamble in one way or another. There is, therefore, a certain similarity between this evil and that of bootlegging, let us say; and from the experience we gained in attempting to control the liquor traffic we know that in the last analysis all law must have a measure of public support. If you do not have that support your law will not be efficacious in its application. I suggest to

the Minister of Justice that even in the cities where this evil of gambling is prevalent, nothing would set public opinion more against this law than the conviction of a man because of some intention or some likelihood that he was going to commit an offence. I agree that this is a great evil; I fully appreciate the minister's desire to cope with it, but we should remember that we are lawmakers, and that fairness and justice in the law are much more important than to attempt, in a way that is offensive to our sense of justice, to cure an evil, when the cure may be worse than the evil itself.

Mr. FAIR: May I ask the Minister of Justice whether under this amendment the Winnipeg grain exchange would be classed as a gambling house?

Mr. ST. LAURENT: The facts concerning the Winnipeg grain exchange would have to be proved before a court, and the court would determine the position. Certainly it is not the function of the Minister of Justice or of any member of this house to apply a law to any specific case until the facts connected with that case are proved.

Mr. BOUCHER: Could the minister give us any information as to the difficulty of obtaining convictions under the existing law, in respect to equipment?

Mr. ST. LAURENT: No, I cannot give any statistical information. General representations have been made that the situation was such that these attorneys general did not care to attempt prosecutions because of the difficulty of having to prove criminal intent subjectively, having to satisfy the court beyond any reasonable doubt that there was criminal intent.

I wish to add just a few words. I do not think any new principle is being introduced here. As the paragraph is to be amended, it would be legislation of the kind which forbids, for instance, the carrying of offensive weapons, firearms and things of that kind. It is not a matter of intent; it is the overt act of being in possession or control of the dangerous thing that is forbidden.

The hon. member for York-Sunbury has suggested that before bringing such legislation before parliament the department should make sufficient investigation to enable the minister to come here and say, "Well, now, this is government policy and you must take it." I do not think that is really the doctrine that should apply in amending the procedural part of the criminal law. If the Department of Justice had the sole responsibility of applying the criminal law, then we could come here and say, "Our experience convinces us that it is necessary to do this," but when it is not our own experience; when it is the experience of the provincial attorneys general, I think the department is entitled to come before this house, which after all is the grand inquest of the nation, and ask this house if, from its knowledge of the situation throughout the nation, the suggestion made by some of the attorneys general should be acted upon.

I should like to assure the hon. member for Swift Current that the advisability of having the criminal law revised and consolidated, and many of the existing inconsistencies removed, has been considered, and some serious thought has been given to it. I do not feel at liberty in these times to ask that that be undertaken. The matter will require the serious attention of quite a large number of people who during these critical times are otherwise engaged. It would be something similar to the decennial revision of the statutes. It has been some fifteen years since the last consolidated statutes came into operation, and it is always a matter of four or five years to prepare a new consolidation. Therefore it will be over twenty years before there is a new consolidation of the statutes of Canada. Thought is being given to this matter and some work has been done already.

Mr. HANSON (York-Sunbury): On the criminal code?

Mr. ST. LAURENT: On the criminal code.

Mr. DIEFENBAKER: Who is doing the work?

Mr. ST. LAURENT: Some work has been done by the law officers of this house, Mr. Ollivier and Mr. Fraser on the criminal code, but I have not felt that it would be proper at this time to ask parliament to set up a commission and to take the kind of men who would be required to do a proper job away from the occupations they are in at this time. I can assure my hon. friend that all lawyers realize the great benefit there would be to the Canadian public as well as to the bench and to the profession in having this work done.

Section stands.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Progress reported.

The house having reverted to government notices of motion:

WAR EXPENDITURES

APPOINTMENT OF SPECIAL COMMITTEE

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

That a select committee be appointed to examine the expenditure defrayed out of moneys provided by parliament for the defence services, and for other services directly connected with the war, and to report what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, and that notwithstanding standing order 65 the committee shall consist of twenty-four members, as follows: Messrs. Black (Cumberland), Blackmore, Boucher, Pinard, Cleaver, Coldwell, Donnelly, Dupuis, Fauteux, Ferland, Gladstone, Golding, Graham, Homuth, Hurtubise, Jackman, Hill, Nixon, O'Neill, Picard, Pottier, Reid, Sissons, Winkler, with power to send for persons, papers and records; to examine witnesses and to report from time to time to the house.

He said: Mr. Speaker, the terms of reference of this motion are similar to those of the motions in two previous years for the appointment of the war expenditures committee, the only difference being in the personnel of the proposed membership. Along with other members of the house I regret that the committee has not been set up earlier, but hon. members who follow the proceedings will, I am sure, appreciate the reasons for that. At an earlier stage in the session I indicated that I was most anxious to have all the standing and select committees set up at as early a day as possible. Indeed, such a request was made by the leader of the opposition (Mr. Graydon), and the government sought to meet it. I believe the standing committees were appointed earlier this year than they have been at any other session for years past, and the same is true I believe with respect also to the special committees. But it did happen that on the motion for the appointment of one or two special committees there were long debates, and as the government had before the house financial matters respecting the war which it was recognized were all-important, it was thought inadvisable to present this particular motion at a time when it was likely to hinder the progress of the government's financial measures. The most important measures, as members will recall, were the mutual aid bill, the war appropriation bill and the budget. The budget, which was brought in at a very early stage of the session, occupied time that would otherwise have been taken for the appointment of this among other committees.

I wish to draw the attention of hon. members to the statement which I made in the house on April 10 and, which will be found in *Hansard* at page 2290

Another matter which was stressed at the beginning of the session was that the government should appoint the committees at an early stage. Our attention was drawn to the fact that in other years some of the committees did not meet until well on in the session. We took great pains this year to have the personnel of the committees in readiness and sought every opportunity to have them appointed at an early date. But there is still on the order paper, as hon. members are aware, notices for two committees, one with respect to war expenditures and the other with respect to radio broadcasting. Thus far we have not been able to get these committees appointed.

I think I did mention at an earlier stage of the session that we took about a week in appointing the committee on social security and the committee on reconstruction and rehabilitation. Those committees might have been appointed in five or ten minutes and we could have had the discussion at a later stage. The main purpose is to get the committees appointed. If it is at all possible I should like to get the committee with respect to broadcasting and the committee on war expenditures appointed before we adjourn for Easter. I do not know whether we can do so, but I hope we might be able to. There will be plenty of opportunities throughout the session to discuss matters with respect to them when the committees bring in their reports. But that rests entirely with the house. I am pointing this out now in order that hon. members may see just why it may be that in some of the business we shall be later in meeting their wishes than might otherwise be the case.

My hon. friend the leader of the opposition will recall that before the house rose for the Easter recess I did make an effort to have the committee on war expenditures set up, but I was informed that there were members opposite who wished to participate in the debate and that the debate might take some little time. It was for this reason I did not introduce the motion before the Easter adjournment.

Members will also recall that there was an understanding between the leaders of the different parties in the house as to the order of business which should be followed with respect to the financial measures, and that it was agreed that every effort should be made to get the mutual aid bill and the war appropriation bill through with as little interruption as possible.

Mr. GRAYDON: If I may interrupt for a moment, I hope the Prime Minister was not under any misapprehension as to the setting up of this committee, because any arrangements that were made certainly were never made with a view to having the setting up of the war expenditures committee delayed until the end of the session. That was never intended.

Mr. MACKENZIE KING: I do not mean until the end of the session, but anticipating that there would be a debate of some length on the motion for setting up the war expenditures committee it was felt that it was desirable not to permit at that time a lengthy debate which would delay consideration of the war appropriation measure.

Mr. GRAYDON: I do not think there was any suggestion that there would be a lengthy debate on this motion.

Mr. MACKENZIE KING: That was my understanding. I certainly did gather from the statements that were made that there would be a lengthy debate. I should add that, as hon. members will recall, during a considerable part of the session the government found it difficult to make headway with its financial measures, because when an effort was made to move into committee of the whole we were often met by an amendment from hon. members opposite in one of the three groups, and the effect of that was to delay considerably the time at which we were in a position to go on with pressing war measures. The house will recall that with respect to the mutual aid bill the Minister of Finance (Mr. Ilsley) explained that because of obligations which he had to be in a position to meet, or give an understanding to meet it was all important that that measure should not be delayed, and this being appreciated by the house, we proceeded with it without much in the way of interruption.

On May 10 the hon. member for Rosetown-Biggar (Mr. Coldwell) addressed a question to me. He said:

> I should like to ask the Prime Minister whether he will endeavour some time this week to arrange for the setting up of the war expenditures committee. The session is getting on.

I replied to him at that time.

> I should not like to enter into the reasons which have made it impossible to reach that particular item on the agenda before this, but certainly almost every time the government has moved to get on with some of its most important legislation there have been interruptions for one reason or another. Other matters or measures have been brought up which have taken up a considerable amount of time. I understand the resolution referred to by my hon. friend is one that it is expected will take up some considerable time in discussion. In that event I think it should stand over until we have completed the measure which the Minister of Finance has introduced with respect to war supplies and also the war appropriation bill.

There was no exception taken to that statement from anyone in the house. That is why this committee has not been appointed earlier. The government held to the order of business which had been agreed to at the time I mentioned.

It may be thought by some hon. members that there can be no particular advantage in appointing the committee at this stage of the session, as we will be adjourning very shortly; but previous committees have had the opportunity of sitting through the period of adjournment, and I assume that this committee, once it is formed, will ask for that privilege, and also that the house will be prepared to grant it. So that the effect of the passage of this resolution at this time will be that the committee appointed will have, from the time of its being constituted until this session is over and parliament prorogues, a much better opportunity of going into the whole business of war expenditures, than it could possibly have had thus far; I mean, a much freer opportunity, because, as hon. members know, throughout this session there have been many committees sitting, and the time of hon. members has been pretty fully occupied.

I do not think there is any necessity at this time to discuss the resolution itself. As I have said, the resolution is similar to those which have previously passed this house, and it is on all fours with the resolution which has been adopted at Westminster during this present war and which was similar to the resolution adopted, after three years had elapsed, at the time of the last war.

I would just say in conclusion that if I should be in this particular place when another session of parliament meets I should gladly join with hon. members in seeking to have this committee appointed at the earliest possible stage of the new session.

Mr. M. J. COLDWELL (Rosetown-Biggar): I was disappointed that this committee was not appointed earlier in the session. As the Prime Minister remarked, I suggested it to him, and I think the facts that he has brought to the house this afternoon are sufficient proof that the house regards the committee as a very important one. I know that on several occasions when the house moved into supply other matters were brought up for discussion. No doubt that did to some extent delay the business which the government anticipated would be done at the time, but may I remind the Prime Minister that not all that discussion was promoted from the opposition side of the house. I remember distinctly that his own followers were active in the discussion of the mutual aid bill, and, I believe, had a great deal to do with the prolongation, if not the initiation, of the debate. There have been few opportunities this session to discuss some of the important matters which affect our constituents. The only opportunity we have of bringing such matters emphatically before the house is when we move into supply, and there have been few occasions of the kind this session.

In my opinion at least some of the discussion, perhaps a great deal of it, on the war

appropriation bill might have been curtailed had this committee been sitting, because a number of problems that we discussed on the floor would have been discussed in the committee, and those who were active in the discussion of various phases of the war appropriation bill were in many instances, I noted, hon. members who are suggested for this committee.

It is unfortunate that this committee was not set up earlier, and I am glad to hear the Prime Minister say that in other sessions, he hopes, opportunities will be afforded for the earlier establishment of this committee. Those of us who had the privilege of meeting and discussing with the chairman of the British war expenditures committee the work of that committee at Westminster will have been deeply impressed by the importance of the British committee. When Sir John Wardlaw Milne was here the other day he was good enough to tell us something of the work of his committee, which also sits between sessions; and I only wish that ours might prove to be as effective and as efficient.

I think it is asking a great deal of hon. members to expect them to sit on this committee almost continuously between the sessions of parliament. Speaking for myself, last year I was unable to take even a few days' holiday, but I feel that during this time of war, members who are appointed to the committee regard it as something of a duty.

I shall not on this occcasion go into the matter at any considerable length. I wish to refer only to the report which was presented when this house assembled on the 27th of January. I think it was a good report, a report which showed that the subcommittees —all of them—had given close attention to the matters which properly had to be looked into, and that certain of the recommendations would be of far-reaching effect. I shall not quote the recommendations; they will be found on page 758 and succeeding pages of *Votes and Proceedings* of January 27, 1943, but in my opinion they are important. I do not know to what extent they have been carried out. Into that we should inquire.

I was a member of the committee last year but in spite of that I would like to say that members of our party in the house appreciate the work which was done by all members of the committee, and the considerable sacrifice they made in remaining in Ottawa after the rest of the members of the house had gone home.

I hope that the committee this year will go thoroughly into certain phases of our expenditures and will see to it that the various departments are closely checked. Even if the committee never reported to this house, the very fact that it does meet and does inquire and does call before it witnesses from the departments, who cannot appear before parliament itself, has a good and salutary effect upon the departments. For these reasons among others I support the appointment of the committee.

Mr. G. R. BOUCHER (Carleton): Now that almost four years have elapsed since the beginning of hostilities, and about nine billion dollars have been spent in the prosecution of the war, it is obvious, I think, that some check on war expenditures on behalf of the members of the House of Commons is important. It is difficult to reconcile the importance of the war expenditures committee with the fact that the session has run from January 26 until the present time without this committee having been set up; indeed, that with such colossal expenditure going on the committee has not been in deliberation since about the middle of last November.

The composition of the war expenditures committee, consisting as it has done of twenty-four members, eighteen of whom are appointed from the government side of the house, and six from the opposition, shows that the opposition members have very little control over the workings of the committee. This is the third year of operation of the war expenditures committee, and so far no opportunity has been given members of this house to discuss the matters which the committee should investigate or the recommendations they have made. This is the sort of opportunity that is afforded us, in the dying days of the session, on a Saturday afternoon, when a great many members have already gone home. Add to that the fact that this war expenditures committee, from its inception, has been sitting in camera and that the individual members of the committee are in honour bound to observe secrecy, to make their inquiries without the help of expert evidence, without technical assistance, to get what information they require as best they can, and on information so obtained to base their recommendations, having little or no opportunity to carry out any real research before submitting their findings to the membership of the House of Commons. So far as I am concerned, that is not just democracy. It is not representative government, and it does not represent to the members of the House of Commons the true functions of the war expenditures committee.

There are no doubt occasions when secrecy and sittings in camera are necessary. The war expenditures committee could and perhaps should deal with many matters that carry with them possibilities of giving aid or comfort to the enemy, and in that event no publicity should be made possible so that information may go to sources that should not have it. I fully appreciate that. But I well recall, as a member of a subcommittee last year, a motion being brought before the committee to discuss war-time housing in public, and that motion was defeated—despite the denial of the member for Halton (Mr. Cleaver)—and the committee went into the subject of war-time housing.

Mr. CLEAVER: Would the hon. member permit an interruption?

Mr. BOUCHER: To ask a question, but not to make a speech.

Mr. CLEAVER: Does the hon. member not recall the fact that, notwithstanding that we sat in camera, the subcommittee, including two Conservative members as well as Liberal members, brought in a unanimous report?

Mr. BOUCHER: True. The hon. member for Halton seems to think that because the committee brought in a unanimous report, the statement he made in the house some time ago denying the making of a proposal that we should not sit in camera with regard to housing, has no effect. The main committee was divided into three parts, so that the official opposition could have only one member on each of two subcommittees and two on the third. Under the circumstances it did not seem to me, as an individual, that I could properly discharge the functions of a member of a political party, a member of His Majesty's Loyal Opposition—the official opposition—a member of the House of Commons of Canada and one who, representing a constituency in this house, has a duty to perform to his country beyond his constituency, beyond his party, beyond the official opposition. For when committees meet in camera, one must keep one's information to oneself. Every member of such a committee must observe the conditions of secrecy, and therefore cannot be given a proper chance to discuss or explain matters in the house.

Let me discuss, as I see them, the advantages or otherwise of sitting in camera. There is no doubt that when you sit in camera certain information can be given to the committee, which would not otherwise be obtained, with regard to matters on which the enemy should not be informed. But there are other aspects as well. We all know that, even when meetings are held in camera, witnesses come before the committee in almost every instance with a brief prepared either by themselves or by the departments they represent or by companies or corporations for whom they are working. Such briefs are prepared with the minutest care, and on many occasions they were read to the committee. On a few occasions briefs were left with the committee for discussion and evidence was taken from them. Not only were briefs prepared in advance, before witnesses came before the committee, but on many occasions the Department of Munitions and Supply, and sometimes solicitors representing a company, were there with a watching brief to see that nothing was said that should not be said. There was therefore ample safeguard against undesirable material coming before the committee, without the necessity of sitting in camera.

In my particular subcommittee, as I believe in others, when secret information was given we were warned, and I believe the members of my subcommittee were particularly cautious not to disclose anything of a secret nature. On this point, I suggest that any gentleman is unworthy of membership in the House of Commons if he cannot use his own discretion to observe secrecy where necessary. Many committees sitting in camera can on occasion hear evidence that should not be repeated to the public, evidence that should be withheld from the press and kept off the record. But let me point out that when the witnesses give evidence before the subcommittee it is taken down by shorthand reporters and a copy is given to the witness. They have every privilege of changing it or of deleting from it anything they consider should not be in it. They can check it or modify it. But one thing I did observe and did resent was the fact that the members of the subcommittee sitting in camera could not obtain for their own use a transcript of the evidence taken from day to day. To be sure, they could go to the branch and look it over and leave it there, and sometimes they could take it out and bring it back; but in my opinion, doing the work that I felt called upon to do, as I am sure every member of the subcommittee on which I served also felt bound to do, through long periods of the holiday last year, and going through evidence of all sorts, the members of the subcommittee should have a transcript from day to day of the evidence taken so that they might peruse it carefully and make comparisons. They would then be in a better position to verify their reports, because they would be more conversant with all the material that had been submitted. But

in analysing the evidence that was given my powers were very limited. Indeed, I was very much impressed by the extent to which that limitation went, and many times I felt how futile it was for me to give an opinion and back up that opinion with any assurance without having expert or technical assistance to that end.

Let us take for instance a production plant —Toronto Shipbuilding, let us say, or the Noorduyn aviation plant, or any plant you wish. We look over their payrolls and see that they have 9,000 or 10,000 men, with salaries ranging all the way from high brackets to low brackets. These workers are producing intricate mechanisms costing hundreds of thousands of dollars. How can we analyse the financial set-up of a company of that kind, without the assistance of someone versed in financial matters? How can we go into their books to find out if their excess profits taxes are correctly paid, what profits they are making, whether their costs are proper and economical, or whether their subcontracts are efficiently handled? For members of a subcommittee to go to a war production plant, in which colossal production is being carried on, a committee asked to produce an analysis without the assistance of expert evidence or expert help, is just like glossing over the surface. It is like putting wax on an already veneered surface.

Before we continue we should look into that phase of the matter. I do not cast any reflection upon the honour or the integrity of any witness coming before the committee. I have no reason to do that; but it has been argued to me that if the committee sits in camera a witness can give evidence which is open and frank and complete. As a practising lawyer I have always felt that the best test and assurance of veracity and exactness is a sworn oath given in public. The whole set-up of our courts in Canada is based upon public hearings, and it has been done in that way for the protection not only of the witnesses but of the public. In my view the test of publicity is a most advantageous factor in any discussion of this kind. We know that our courts decline to accept evidence given on affidavit, because they realize that in respect of those affidavits there is no opportunity for cross-examination. The rules of evidence applying in our courts have been framed after years of experience in trying to get the best possible evidence. A person giving evidence before a subcommittee on war expenditures should be sworn. That person's evidence should be transcribed as sworn. Then it should be given to the members of the committee for their deliberation, and it should be given the test of publicity, so far as it can be given. It should be given to the scrutiny of persons specially skilled in analysis of cost accounting, to a chartered accountant, or to some expert of the kind.

The subcommittee on which I have served has on a number of occasions called in people who were specially skilled in respect of certain work, and have asked them for their point of view in respect of problems brought before us. That itself is illustrative of the necessity of having expert technical assistants before these subcommittees. If one were to look over last year's report of the subcommittees and to investigate closely the ground they touched upon and the work with which they were charged, he would realize at once that thirty subcommittees, let alone three, could not properly discharge their duties. I repeat that before the committee on war expenditures can make a thorough investigation and report its findings with certainty and with assurance —and it should be in that position before it reports to the house—it should have at its disposal every possible facility for going into all the minute details with the utmost thoroughness. Here we are setting up, during a recess, a committee of twenty-four members. Undoubtedly it will be subdivided into three subcommittees. One of the subcommittees will be asked no doubt, to deal with government corporations, shipbuilding and aircraft production. To ask a subcommittee to handle that amount of work is to ask it to do not the work of a few days, not the work of a few hours a day, but the work of years.

It is my frank opinion there is no limit to the amount of work the committee on war expenditures could do. There is grave danger in asking a subcommittee to deal with subjects much too involved and too intricate for their consideration, unless they have expert assistance. Some time ago the Minister of Munitions and Supply (Mr. Howe) stated in the house that the war expenditures committee was investigating contracts. Well, if any hon. members present to-day remember the big books of contracts we had placed before us—books laden down with contracts—they will realize at once how utterly impossible it would be for any subcommittee even to scratch the surface of investigating such contracts. And the fact that between November 13 and this date the committee has not sat cannot help but reflect an opinion held by the government either that there is a lack of necessity for the setting up of the committee, or that the committee could not do its work well.

As we enter the fifth year of the war we should take some of these facts into consid-

eration. I believe that at least some advantage can be gained by a subcommittee on war expenditures sitting in camera, even though its findings cannot be passed on. As the hon. member for Rosetown-Biggar (Mr. Coldwell) has said, the very fact that the committee on war expenditures is sitting may do some good. But that is not good enough for the people of Canada, and it should not be good enough for the 245 members of the House of Commons. A committee on war expenditures, if it is to be adjudged worthy of its existence at all, is worthy of serious consideration, serious discussion, and the serious analysis of hon. members of the House of Commons.

Mr. P. C. BLACK (Cumberland): Mr. Speaker, I have been a member of the committee on war expenditures since it was first established. As such I recognize I have a considerable responsibility to the house and to the country. Parliament has been most generous in voting money, and the people of Canada have supported its parliament in those expenditures. In fact in their desire to have the greatest possible effort made in the carrying on of the war, our people are ahead of the government. It is the responsibility of parliament, one which has been passed on to a committee composed of representatives in parliament, to see that these moneys are properly expended.

I was not anxious to serve on the committee on war expenditures. In fact I can say I was adverse to serving on it. I was not able to attend at all times. I had responsibilities to discharge to my constituency, to my home and to my business, with the result that I was unable to attend at all times when the committee sat. I feel that there must be some greater appreciation than obtains at present as to the immensity of the work devolving upon this committee. If the committee is to discharge its duties properly it should have been sitting continuously.

The hon. member who preceded me said that billions upon billions of dollars have been voted for war expenditures. In the fiscal year 1942-43 the vote for war expenditures amounted to three and a half billion dollars. When we reassembled in January we had to provide for a deficit of $858,000,000, nearly a billion dollars. Surely that is a great responsibility to be placed upon the committee charged with examining expenditures, to see that they are properly made. This parliament for the fiscal year 1943-44 is voting five billions of dollars for war expenditures and another $500,000,000 for civil expenditure. And if the experience in other years is repeated we will be faced with another deficit in this fiscal year. This means an expenditure of $15,000,000 a day. To a great extent the public will hold this committee responsible for the proper expenditure of these tremendous sums of money. I want to say to you, Mr. Speaker, that as a member of that committee I must admit that I have not fully discharged that responsibility, and I can make the further admission that as a member of parliament I do not think I am capable of discharging that responsibility to this parliament and the people of Canada as it should be discharged.

There has been a great deal of adverse criticism of expenditures. The people are willing and prepared to have us vote all the money necessary and put the entire credit of this country at stake; but there is a great deal of misgiving in the province of Nova Scotia and all over this country that this money has not been always properly expended, and that there has been waste and extravagance. I have heard that said a hundred, a thousand times. The country was full of rumours of extravagance and waste at the time the construction work was going on at Debert, and we have not checked up on that. There were rumours of extravagance and waste in connection with Deep Brook at Windsor and the eastern passage airport. It was suggested that this latter work should have been investigated by our committee, but a special commission was set up, consisting of the late Hon. W. N. Tilley, K.C., who investigated the project and made a report. Nothing has been done with respect to that report, either by the war expenditures committee or by parliament, though it contained a very damaging finding to the effect that the successful contractor had obtained inside advance information. Apparently he was allowed an arbitrary advance classification of materials in connection with the eastern passage airport, which the other contractors were not given. The explanation was that he had asked the government officials and they had given him this arbitrary classification, which I think was ninety per cent earth and boulders, six per cent earth and four per cent solid rock. He also figured on a much greater yardage than the other contractors, expecting that additional yardage would be removed. That was unfair to the other contractors; that was not a proper standard to set for contracts involving the expenditure of millions of dollars; yet nothing has been done about it.

If we are to have a committee of this kind it should be in continuous session. No evidence has been taken by this committee since last November, though it is true that the committee sat for a few days prior to the opening

of this session in January, to draw up a report, and it is also true that the committee came to a unanimous conclusion. None of us on that committee is looking for scandals; certainly I am not, but we have a duty to see to it that the money is properly expended and that sound policies are laid down by the government. We have a duty to safeguard this country against waste and extravagance, but we have not been able to perform that duty; we have not done it, nor are we now capable of doing it. If we were to undertake to discharge that duty we would have to sit continuously, and not have an interval of eight months with no sittings at all, while expenditures are being made at the rate $15,000,000 a day, with an over-expenditure or deficit of $858,000,000 last year and a war appropriation this year of $5,000,000,000, with probably another over-expenditure or deficit of a billion dollars coming, to judge by the experience in the past.

I say, Mr. Speaker, that I do not believe the members of this committee are capable of performing the duties expected of them by the people. I have nothing but good-will toward the other members of the committee. Our relations during the sittings of the committee have been exceedingly friendly, and I believe we have given each other our complete confidence. But the public expect more of the opposition members than they expect of supporters of the government. On one occasion this session the Prime Minister (Mr. Mackenzie King) took the leader of the opposition (Mr. Graydon) to task for not having fulfilled his duty in this regard as leader of the opposition. I believe the public hold us responsible to a greater extent than they do members of the government party to see that these public moneys are properly expended. There are only four members of the official opposition on this committee with three subcommittees—four out of twenty-four on the committee. The hon. member for Vancouver South (Mr. Green) made an appeal, I think to this house but certainly to the committee, for a larger representation from the opposition. It is true that we have a representative of the Cooperative Commonwealth Federation party. It is true we had last year a representative of the Social Credit party, the hon. member for Bow River (Mr. Johnston), with whom we worked in close accord. The responsibility placed upon those six representatives of the opposition parties, if you want to style us all in that way, is an impossible obligation which I, as one member of parliament, with my responsibility to parliament, to my electors and to the people of this country, have not been able fully to discharge no matter how greatly I desired to do so.

I have nothing but goodwill for the other members of this committee, but many of them have obligations to the government. As our first chairman we had a very capable member, but I think I am fair in saying that his primary duty was to see that the interests of the government were protected. I refer to the former hon. member for Selkirk, now Mr. Justice Thorson, who became a member of the government. His successor was the hon. member for Hull (Mr. Fournier), the present Minister of Public Works, his primary and immediate duty also was to see that the government's interests were protected, that we brought in a proper report reflecting credit upon the government at all times. We also had as members of this committee hon. members who have since become parliamentary assistants, and others who are looking for favours from the government.

It is my opinion, Mr. Speaker, that this committee, as it has been set up, cannot investigate these enormous expenditures and safeguard the public interest as the public expect it to do. Now the question arises whether at this late date, under existing circumstances, it is proper that we should once more assume this responsibility, whether in doing so we can do justice to ourselves, to parliament and to the people of Canada. In view of the information I have; in view of what has taken place; in view of the decision of the committee to sit in camera on matters such as war-time expenditures for housing, and so on, I have grave misgivings as to whether I should continue as a member of this committee. I owe some duty to my constituents, to my family and to myself. More is exacted of those of us who come from the far east and the far west, in discharging our duties here, than is required of members from central Canada. I have been away from home practically continuously for six months, and I do not know that very much more should be expected of me. I gave the assurance to my electors, as I have given it to parliament, that I would make any personal sacrifice in order to discharge my duties and contribute in every way possible to the winning of this war, and I am prepared to stand by that undertaking, but I am doubtful about serving on this committee further.

Mr. J. A. ROSS (Souris): Mr. Speaker, I desire to offer a few observations on this motion. First may I say that if the proposed committee had sat every day in the year I

doubt if it could have investigated properly the war expenditures now being made by this government. I am informed, however, that the last meeting of this committee was held on November 13 of last year, more than eight months ago.

Mr. GOLDING: That is not correct.

Mr. ROSS (Souris): That is my information, with the exception of a meeting to prepare the report which I think was submitted on January 27. At any rate, this committee has not been constituted so far this session, and I am quite sure no evidence was taken after last November. I have never been able to understand why the investigation of property purchases should be conducted in secret in this country. It has given some people cause to believe that it is possible to get easy money from the public treasury, and I am sorry to say that there are some such people in the country. I have pointed out already that this committee has not been constituted this year, that it has not taken any evidence since early last November. The hon. member for Shefford (Mr. Leclerc) pointed out on February 10, this year, as will be found on page 322 of *Hansard* for that date, that in Granby a farmer had purchased a property which had originally been offered to the government for munitions work and resold it to the government at a profit of some 400 per cent per acre. It is items such as these that should be investigated. I simply mention this as a concrete example. If the committee had been constituted at that time this matter might have been investigated. But this committee has not had an opportunity of investigating this transaction, nor has any other committee.

Speaking before on other matters I referred to the argument presented by the hon. member for Winnipeg South Centre (Mr. Maybank) concerning the installation of equipment in the cordite plant at Transcona. This discussion took place on March 11, 1941, and will be found reported at page 1452 of *Hansard* of that session. A heated discussion took place between the hon. member and the Minister of Munitions and Supply (Mr. Howe) who pointed out that the proper body to investigate that matter was the war expenditures committee. In due course when the committee was sitting the same question was raised. The then chairman, Hon. Mr. Thorson, pointed out that the terms of reference would not permit the investigation and it was never carried out along those lines.

There is another matter to which I should like to make some reference, that of the Gimli airport, the site for which was purchased last year at an average of $72 per acre.

[Mr. J. A. Ross.]

Mr. SPEAKER: The hon. member is proposing to deal with something that may be the subject of discussion before the committee.

Mr. GOLDING: It did come before the committee.

Mr. SPEAKER: I have no knowledge of that. What we are dealing with now is the motion to set up the committee and nothing else.

Mr. ROSS (Souris): The committee is not constituted at the present time. The committee of last year has wound up its work. Am I debarred from making any reference at all to this matter?

Mr. SPEAKER: The only matter before us now is the setting up of the committee. What may have happened in the previous committee cannot be a subject of discussion, and what may happen in the future as a subject of discussion before the committee is a matter which may be referred to the committee when it is set up but is not a proper subject for discussion now when the setting up of the committee is being considered.

Mr. ROSS (Souris): I have great deference for your judgment and your ruling, but I find it difficult to understand why I cannot make any reference to any public expenditure when we do not know whether it will come before the committee or not.

Mr. HANSELL: Mr. Speaker, may I rise to that point of order? I suggest that on a motion to set up a committee the custom of the house has always been to discuss the work of the previous committee. It will be agreed by all that we did that in connection with the committee on the defence of Canada regulations and the committee on radio broadcasting. In fact I made a forty-minute speech when we were considering the setting up of the broadcasting committee. So far as I am concerned, if we are not to be permitted to discuss the work of the committee there is nothing to talk about. I might just as well take the names of those members that are here and tell you what colour their eyes are, where they were born, and so on. Unless we are able to discuss the work of the committee, as we have done in the case of other committees, there is nothing to talk about.

Mr. SPEAKER: The hon. member who has just spoken will realize that there is nothing before the Chair except the motion for the setting up of a committee. The matter to which the hon. member is referring is something which in his judgment should come before the committee when it is set up. The debate so far has dealt with the question of

the appointment of the committee, and its administration when set up, but the hon. member is now introducing something which may be the subject of discussion and investigation by the committee.

Mr. GRAYDON: May I be permitted to say a word in connection with this point of order?

Mr. SPEAKER: I have already given my decision.

Mr. ROSS (Souris): I have the report of the committee which sat last year. May I refer to that?

Mr. SPEAKER: That would be similar to the reference the hon. member is making to Gimli airport, which may be a subject of discussion in the committee. When that matter comes from the committee to the house, the house will have an opportunity to discuss it. We are dealing now only with the setting up of the committee. The hon. member for Carleton (Mr. Boucher), dealt with matters of administration and the methods of approach to be used, I think in an accurate manner. I suggest to the house that the only subject we have to discuss now is the setting up of the committee.

Mr. GRAYDON: I rise to a point of order. Perhaps Your Honour has not recalled the discussion that took place when the question of setting up previous committees was before the house, notably the radio broadcasting committee. At that time a discussion took place similar to that which has been initiated now by some hon. members. On that occasion Your Honour permitted full discussion with respect to certain aspects of the report of the previous committee and its work, whether they were related to the points then being discussed in connection with the setting up of the committee, or whether they were interrelated subjects. I know that speaking to the motion I referred to many matters; I referred to the report and to other things which I felt were relevant. There is not likely to be an opportunity this session for the house to deal with the report of the previous committee, and surely we should not be prevented at this stage from dealing with matters which are relevant to the setting up of the committee. I implore Your Honour not to enforce your ruling under the circumstances, particularly when this practice has been carried on in connection with other committees this session.

Mr. COLDWELL: Mr. Speaker, may I say just one word. This committee is to be set up to examine the expenditure defrayed out of moneys provided by parliament for the defence services. If we are arguing pro and con concerning that, we cannot discuss intelligently the value of this committee to this house unless we are permitted to refer to the matters which ought to be looked into by the committee. It seems to me that that is quite relevant to any argument regarding the committee. With due respect to Your Honour I submit that any other ruling would deprive this house of a right which is inherent in it. I suggest also that the procedure in this parliament—it may be wrong—is such that when reports of committees are brought here they are usually presented without a motion for concurrence. It is therefore only on the motion to reappoint the committee that we have an opportunity to discuss the value of the committee and sometimes even to refer to matters which were considered by the preceding committee. I hope Your Honour will not rule that the discussion must be restricted to the setting up of the committee.

Mr. STIRLING: On the point of order, I should like to look upon Your Honour's intervention as an admonition to the hon. member for Souris (Mr. Ross). It appears to me that he is expressing his opinion with regard to the motion before the house for the setting up of this committee, and he is basing his argument upon what he has seen happen in the past in connection with setting up similar committees. It would appear to me that it is a reasonable way of explaining to this house the opinion he holds if he bases it on actions of the committee which finished its work last year and is again to be set up. I hope that Your Honour will not prevent him from discussing the matter from the point of view of past happenings.

Mr. JOHNSTON (Bow River): Before you give your ruling, Mr. Speaker, may I suggest that unless one is permitted to discuss the possible functions of this committee in the light of the experience of those of us who have been members of the committee in the past I cannot see that there will be a great deal of value in setting up the committee at all. I think hon. members of the house should be informed as to the functions of the committee. But if we can discuss merely the setting up of the committee, as Your Honour intimated, I must agree with the hon. member for Macleod that the only thing we can discuss here would be the individuals whose names are mentioned as composing the committee, and that would be nonsensical. One of the matters that was brought before the committee last year was Gimli airport. The committee decided that it had nothing to

do with Gimli airport and that that matter should be referred to the public accounts committee. I understand that the hon. member for Souris was going to discuss the possibility of Gimli airport being the subject of inquiry by the war expenditures committee. I cannot see why he should not have every right to discuss that, because surely we must follow the same procedure in setting up this committee as in setting up all the others.

Mr. CLEAVER: Mr. Speaker, may I have a word on the point of order? I think there is a misapprehension among members of the house, especially members who have not served on the war expenditures committee, as to its proper functions. In Great Britain all the sittings of the war expenditures committee are held in camera, and in Great Britain consequently no debates have taken place—I have gone through the entire British *Hansard* of the war period—in regard to committee reports founded on evidence taken in camera. It is obvious that the house cannot intelligently debate a committee report founded on evidence taken in camera—evidence which is not before the house.

Mr. GRAYDON: What is the good of the reports, then?

Mr. CLEAVER: Pardon me a moment; I am coming to that. Referring to the British *Hansard* I find as late as 1942 a member of the British house rising in his place and complaining that two and a half years have passed and on no occasion have the reports of the war expenditure committee been debated. I have a suggestion to make which I think will amply meet the express desire of hon. members who wish to discuss the Gimli matter. I am going to suggest to Your Honour a way in which I think it can be done quite within the rules of the house. Any member of the house who wishes to discuss a report of a committee which has been tabled may move concurrence in that report. I am free to admit that I anticipated, from what had been said in the house on several occasions, that some members would like to discuss the committee report with respect to Gimli, and so far as I personally am concerned as chairman of the subcommittee which inquired into that matter, I would welcome such a discussion. In order that the discussion might be an intelligent one I myself moved for an order of this house to produce all the evidence with respect to Gimli that was in the hands of the department. That material is now on record in the house and the Gimli matter can be intelligently discussed. But I do not think we should break any of the rules of the house to discuss it. The hon. member for Souris has plenty of time to move the adoption of the Gimli report, which was a unanimous one. If he does not care to move it, some of his friends can move for its adoption, and then the report would be properly before the house for discussion. But I urge upon Your Honour that it would be most unfortunate if any member of the house could rise and without notice bring forward for debate any matter which had been considered by the war expenditures committee, because the other members would not be prepared for such a discussion.

Mr. SPEAKER: The point of order raised by the leader of the opposition was as to the right of a member to refer to a report of a committee in which concurrence had not been moved. As I understand it, the hon. member for Souris was proposing to deal with the question of Gimli airport on its merits. If that be so, I declare without any doubt in my mind that it would not be within the rules of the house to discuss now the merits of the Gimli airport question. But if he wishes to refer to it as an illustration and without entering into the merits, simply to support his viewpoint and for the guidance of the committee in their deliberations, he would be in order. The reason I interrupted the hon. gentleman was that he was proposing to go into the merits of the question, which certainly he would not be in order in doing in a motion for setting up the committee.

Mr. ROSS (Souris): I was endeavouring to point out the manner in which I think this committee should function, and I was citing some examples to prove my point that the committee should hold open sittings.

Mr. SPEAKER: So long as the hon. member does not enter into the merits of the question but merely refers to a particular matter of inquiry before the committee in support of his argument that open sittings rather than secret should be held, I think he would be in order.

Mr. GOLDING: Just on the point of order—

Mr. SPEAKER: I have already ruled, and there is only one method by which my decision can be challenged.

Mr. ROSS (Souris): I was saying that I could not understand why the war expenditures committee should hold secret sittings to investigate the purchase of any property in this country for war purposes. I have given one or two illustrations. I referred to Gimli airport because it is in my native province

and our citizens are very much interested in that particular deal, which was on everybody's tongue throughout the province. I am trying to make the point that inquiry into all such matters as these which certainly would not give useful information to the enemy should be conducted in open sittings throughout the country. I am sure that the government would be in much better grace had this been done, and if it were done in the future, provided always that information useful to the enemy is not made public. I shall not go into all the ramifications of Gimli airport, but if I did I can assure the house that that deal is one of many which suggest the desirability of open sittings.

I do not think I need take up any more time, although there is a great deal I might have said in respect to purchases of property through this country; some of them have been good, many of them have not been good and the public have been greatly dissatisfied. I cannot see the justification for not having set up the committee during eight months of the year, when the house has been in session three-fourths of that time. Now, in the dying days of the session, when this committee is constituted, it is certainly top-heavy with government members, eighteen out of twenty-four. The time available to carry on investigations from now until the beginning of the next session is, I am sure the people of the country realize, utterly inadequate for a thorough inquiry.

Mr. E. G. HANSELL (Macleod): There is only one thing I wish to say in respect to the setting up of this committee. I think I can say it, not being a member of the committee. This committee has been sitting between sessions, and sitting between sessions involves considerable expense to the members. There is an amount appropriated for their expenses while they are sitting between sessions and away from home, and I do not believe it should be subject to income tax, as part of it is. Perhaps if there is an appropriation this year we could discuss it more fully when that appropriation comes up for consideration. But I am certain of this, that when these members travel across the country, as they do, and have to buy berths and meals on trains, the portion which is not taxed does not even meet those expenses. Besides, a precedent is being created which I do not think is desirable. As I am not a member of the committee I do not have any expenses paid, but I simply raise the matter now in the form of a suggestion that the committee's expenses should be free from income tax.

Mr. H. R. JACKMAN (Rosedale): There are one or two points about which I should like to say a word or two. Most of the comments I had in mind have been mentioned already, so that I shall endeavour to be as brief as possible.

In the first place, I think it is a matter of some concern to the people of Canada that this committee has not been functioning during the earlier part of this session, and now the members of it must serve during the interval between now and the calling of the next session in 1944. I know that the house has been busily engaged on other matters of importance, but surely, inasmuch as this committee on war expenditures has to do with the day-to-day expenditures which are being made and have been made every day of this session, the examination of those expenditures, and any economies which might result from the findings of the committee should take precedence over the work of such committees as that on social security and reconstruction and rehabilitation. Not that I do not give the fullest importance to those committees, but after all, both of them have to do with post-war conditions, and as the Prime Minister has said, nothing is more important than, first, the winning of the war, and shall I say, the winning of it with some regard to economy if it does not interfere with efficiency. But we have seen over half the year go by with this committee not in session at all, with hon. members who might have been able to spend time on the war expenditures committee having to devote their time and services to other committees which might better have waited until the war expenditures committee had been set up and work had been done on it from day to day, so that the fruits of that committee—if any, and we might hope for some—could have been made effective with large savings to the people of this country.

When the committee was originally set up, some years ago, I had what was then regarded as the effrontery to write a letter to the *Globe and Mail* complaining about the set-up in regard to the numbers from each party; not that the numbers did not accord fairly with the proportion of party representation in this house; and as I recall the Prime Minister at that time rapped me on the knuckles as a new member of the house for suggesting that hon. members on the government side might not carry out their duty to their country as well as hon. members of the opposition. However,

I leave to the people of Canada the interpretation of that suggestion which I made and the implication which might be contained in it. Certainly no one holds the membership of this house, of all parties, in higher regard than I do, and I might say that that regard is much higher than the regard which the press of the country would lead the people of the country to hold. There are no finer and more public-spirited citizens than the members of this House of Commons.

Nevertheless, the Progressive Conservative party have only four members out of twenty-four, and the other groups have one member each; that is, six out of twenty-four. Even if all hon. members as individuals were equally aggressive in ascertaining where economies might be made effective, nevertheless you have four subcommittees, and to have only one member appointed from the official opposition to each of those committees means that that member must make himself available for every meeting. That, as we know, with the other parliamentary duties, and also the duties which some of us have of endeavouring to make a living as well as being a member of parliament, makes it extremely difficult to sit on the committee at all times. Surely some consideration should be given to allowing a greater representation on the part of the opposition than the Prime Minister has seen fit to accord it. I should hope that he himself would volunteer to increase that representation.

I am informed that there are some subcommittees of the committee on war expenditures in Great Britain on which the proportion of labour members—a minority of the national government—is greater than the proportion of members of the Conservative party, which is the majority party.

Mr. POTTIER: To which subcommittee does that apply?

Mr. JACKMAN: I am reliably informed that that is so, and I shall find out later for the hon. member.

Then again, as to the matter of secrecy: it is a severe handicap on this committee when matters which do not interfere with the national security are up for consideration, because one of the ways in which we get information is through the public coming forth and volunteering information to us. As it is, we occasionally hear of matters of gross wastefulness; unless they are backed up one does not put much credence in them, but if one is developing some matter which deserves investigation, and the public know of it, one very often finds that he gets further evidence from the public, much of which evidence is worth sifting to find out whether it contains a germ of truth. As I understand it, in setting up the committee the government is as eager as we are on this side of the house to find out whether economies can be put into force. Everyone understands that when the government has spent nine billion dollars in connection with the war, haste is sometimes more important than economy, and therefore we cannot always expect that every possible dollar will have been saved that might have been saved if time had not been of the essence of the undertaking. I should think therefore that the government would be just as eager as we are to find any possible means of obtaining a greater output of war materials with as great a saving as can be effected. I repeat that this committee should be allowed to hear its evidence in public, except when some question of national security is involved, and I believe that as liberal an interpretation of that condition would be given by opposition members of the house, whose sole concern is with the war, as would be given by the government. But, as the hon. member for Souris pointed out, surely the purchase of land in this country for war purposes has very little to do with national security.

A point which I think should be emphasized, and which has already been brought up by several members, is that a permanent secretariat should be established for the committee, a secretariat consisting of accountants and possibly an executive secretary, such as committees in the United States congress engage—the Truman committee, for example. It is impossible for members, with the numerous duties which they have to perform, to be also a sleuth in the finding out of matters which require investigation. These accountants and secretaries who can devote their full time to matters that are deserving of investigation by all members of the house who may sit on the committee would be a most useful addition, because I submit that until we establish a proper committee system, with permanent secretariat, this parliament cannot function in as useful a manner as it should. It is impossible now, with the complexity of modern government, which is almost synonymous with modern business, for the average layman, who has not had experience in business affairs on a large scale, to go into the various details that should be looked into; so that some trained and permanent secretariat is absolutely essential. While we may say that there is a great scarcity of accountants and of men who have the ability and capacity to serve on such a committee nevertheless there is hardly any

committee, or any phase of our war work, which is of more importance than this committee or than it can become. Therefore, if it is necessary to draft expert help from other government bodies, it should be done in order that this committee may function to the best advantage.

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): The hon. member suggested that in the British parliament party lines were not followed. May I take a moment to show the composition of the various committees in the old country. I have here a report of the organization meeting for the session of 1942-43, and the various committees, or inquiries, as they are called, are set out. I will enumerate them:

1. Finance and establishments inquiry: Conservatives, 3; Liberals, 2; Labour, 1.

2. Production and supply inquiry (a): Conservatives, 4; Liberals, 1; Labour, 1.

3. Production and supply inquiry (b): Conservatives, 3; Labour, 3; and there is a Sir Edward Cadogan whom I cannot place.

Mr. GRAYDON: He may be C.C.F.

Mr. REID: Not in Great Britain.

Mr. POTTIER: The fourth committee is that on fighting services: Conservatives, 6; no Liberals and no Labour.

5. Departmental inquiry (a): Conservatives, 4; Labour, 1.

6. Department inquiry (b): Conservatives, 5; Labour, 1; no Liberals.

7. Special inquiry: Conservatives, 5; Labour, 1; no Liberals.

So that over there apparently they are not looking for Liberals or Conservatives or Labour in composing their committees.

Mr. GRAYDON: They are all together over there. That is the answer to that.

Mr. POTTIER: The hon. member who preceded me suggested that we should follow the practice in the old country where on some committees government members were not in the majority. I have shown on the contrary that, as we are doing, they are appointing a majority of the major party. They appoint a minority of Liberals, a minority of Labour and a majority of Conservatives, who happen to form the majority party in the house, in practically the same proportions as we do here. I bring this to the attention of the house so as to clear up the situation.

Mr. GRAYDON: It is hard to make that parallel.

Mr. THOMAS REID (New Westminster): As a member of the war expenditures committee I wish to say a word or two on the resolution, in view of some of the remarks that have been made. Considering the importance of the committee I think that certain information should be given to other members of the house who are not members of the war expenditures committee, because the question has been asked by members of the House of Commons, how did we employ our time; and there was a feeling that we were not utilizing all our time as members of the committee.

Subcommittee No. 1, of which I had the honour to be a member, studied all agreements and put on record a synopsis of them. They had every company making aeroplanes appear before the committee and the fullest opportunity was given every member to ask questions. We visited every aircraft plant and took a record of the financial set-up, going into the matter of profits and capitalization and looking over the balance sheets as best we could. We investigated salaries and high wages. We investigated hours of work and wages paid and made recommendations accordingly, because we did find in some instances that salaries had been greatly increased. We checked up on all these matters and reported on conditions generally. We found out how the employees did their work, the hours of labour, employment of women, cafeterias and restaurants, and whether the call-up by the draft board was affecting production. These are some of the things done by members of that subcommittee. The work was most interesting.

With reference to the expenditures that Canada has made on the war the question has been asked how a small committee such as has been set up could ever begin to look into all these outlays that have taken place. I would compare what we are doing with what has been taking place in Great Britain. In Great Britain they are spending an average of $60,000,000 a day and have a total committee of thirty-two members. Our expenditures will be between $14,000,000 and $15,000,000 a day and we have a total of twenty-four members; so that we are not very far out of line. As a matter of fact, if the argument advanced to-day is sound, Great Britain has not nearly sufficient members on the committee there; yet there has been no complaint from Great Britain regarding the work of that committee. I would have liked to see, and would still like to see, the members who go on that committee adopt the attitude of members of the British House of Commons. It was stated, and one will find it in British

Hansard, that the select committee over there felt that they were the trustees of the House of Commons as well as of the country, not the trustees of any party. They were not only the trustees of a constituency, but the trustees of the entire country. And when I acted as a member of the committee—I believe those who were members will support what I am going to say—I did my utmost on behalf of the people of this country, not on behalf of a constituency alone or a party, to find out what those companies were doing.

I am somewhat annoyed to hear members of the committee complain that there are not enough Conservatives on the committee or not enough Cooperative Commonwealth Federation members on it. I think we should be adopting an attitude such as was adopted in the British House of Commons—and it is to be seen in *Hansard*—where when they joined the committee they left their politics behind them, and represented the whole country. They did not represent any party or constituency.

We have heard some talk this afternoon about secrecy. Well, I have been long enough in the House of Commons to realize what has taken place and what does take place in committee meetings, so that I am in a position to compare open meetings with those held in secret. While I find no fault with the press at all, I do remember one committee which sat this session, which I think illustrated the point I am going to make. At the time I have in mind, during the present session, two committees were sitting on one day. One of those committees was deliberating on social security, but not a single press reporter was present. The committee was alone. The press reporters were to be found in the committee which was endeavouring to find out where the rugs were located. While I could not see one press reporter in the committee where they were discussing the welfare of our people, there were sixteen in the other committee. One could hardly get in where they were investigating Colonel John Thompson, and finding out who had got a rug or an armchair. I say then that if we had held our meetings openly, apart from the inadvisability of doing so, I doubt if we would have conducted any business at all. And I say without fear of successful contradiction that if we had held open meetings we would have had press reporters there, and members rushing in with prepared speeches stating that they had heard so-and-so, or rumours here and rumours there. To my mind the business was conducted splendidly in camera. If every member would go to that committee, with the idea in mind, not of party but of the House of Commons and the people, there would be no need to complain about any lack of representation.

The committee in Great Britain did not even report to the Prime Minister of Great Britain or to the cabinet ministers. They were not allowed to do so.

Mr. DIEFENBAKER: Oh, yes.

Mr. REID: They did not report to the British House of Commons. One committee which sat discovered one thing so serious that they said they believed it advisable not even to breathe a word of it to members of the other subcommittees.

Mr. DIEFENBAKER: That was just one case.

Mr. REID: Yes, one case. But no report was made to the Prime Minister or to members of the cabinet. And yet there was not a word from Great Britain as to these things not being done well or in secret. Are we less honest than the people of Great Britain? I say no. And in my opinion the criticism we hear in this House of Commons is lowering the morale of our people. They may get the idea that everyone who is in business in this country is a rogue and needs watching. Surely we must have some faith and trust, if we are going to carry on; and especially must we trust members who are on the committee, even though they are conducting their deliberations behind closed doors.

I have one or two suggestions to make to the Prime Minister and to the committee. He was correct when he said the committee should have been set up earlier. I think it should be set up at the beginning of a session, and a report should be made periodically to the house. I think too, that we should have a chartered accountant connected with our committee. It is not possible for the ordinary member of parliament to understand some of the balance sheets that are brought before him, and I believe the services of a chartered accountant should be placed at the disposal of that committee, to do much of the work we have been doing. A great deal has been accomplished, and we can take pride in what has been accomplished since the report was laid before the house in January. Hundreds of thousands of dollars have been saved through the deliberations of that committee. I believe that the committee should deal with all accounts, and that the committee should be empowered to go into the affairs of concerns engaged in war work, with respect to their set-up and their balance sheets.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I should like to make one or two observations before the motion carries. In the first place I have been at a loss to understand the Prime Minister's reason for not having set up the committee before. I recall that from the very first he said this committee would be set up as soon as the war appropriation bill was passed. That was the main reason for not having set it up. Well, he did go ahead and set up a lot of committees of much lesser importance than this one.

Those of us who sat on the war expenditures committee—and I can speak with greater authority for subcommittee No. 1, because that was the one on which I served—were almost unanimously of the opinion that the committee should sit continuously. If it was to do beneficial work, it should sit not only when the house was in session, but when the house was adjourned; it should sit all the time. I am in agreement with hon. members who have said there is a tremendous amount of work to be done. Unless the committee is sitting continuously it cannot perform its duties in the proper fashion.

As to the work of the committee last year, I believe that after all our work we had just reached the point where we could thoroughly perform our duties. We had just got to the place where we knew what to look for when we went into a plant; we had just reached a point somewhere near efficiency, when the meetings of the committee were suspended. That was most unfortunate. The excuse or reasons the Prime Minister has given for not setting up the committee are at least ill founded.

There is one other thing I think should happen, if this committee is to perform its duties properly. I agree with the hon. member for New Westminster when he says that periodical reports should be made to the house. I believe the work of the committee is of such importance that members of the House of Commons generally should know something about what is going on. In that connection it should be possible in some way—I do not know just how it would be done—to inform members of the committee as to what action the government has taken or intends to take as a result of recommendations made by the committee. I feel quite certain that when the committee made recommendations last year the government acted upon them immediately. The committee, however, was not informed of that action. As a member of the committee I do not know that the government acted upon one solitary recommendation. Surely that is a wrong procedure. Members of the committee would receive a great deal of encouragement if they knew their recommendations to the government were receiving serious consideration. Whether such report from the government should be made to the house or to the committee would be a matter for the government to decide. But certainly there should be some means of knowing what action was being taken.

It is true that the work of that committee is very important. I was one who thought it should sit continuously, and while it sat I pressed for that very thing, along with other hon. members. I do not wish to leave the impression that I was the only one. I wish to commend the hon. member for New Westminster (Mr. Reid) for his statement that he at least viewed the work of that committee in a non-partisan way. I believe he did, and I believe other members did, also. I believe that was the attitude of most of the members of the subcommittee on which I was working, and of course I became better acquainted with them than with the members of the other subcommittees, because we were in daily contact. Generally speaking the members of that subcommittee, including the chairman, performed their duties not from any political point of view but with the desire to see what they could accomplish.

That brings me to the question of the representation on the committee. I made this objection when the committee was set up a year ago; I repeated it when the committee had its first meeting, and I make it again to-day. I do not think the representation of the members of the house on that committee is fair and proper, though in this my view is probably contrary to that of the hon. member for New Westminster. Take the Social Credit party, for instance; we had one representative out of twenty-four. You may say that was fair in proportion to our membership in the house, but let me point out how it was unfair. The main committee was divided into three subcommittees, each of which had its own work to perform. We went for days without seeing the members of the other subcommittees at all; we might be away on the other side of Canada when subcommittees one or two were sitting, and in fact that very thing did occur. One of the other subcommittees brought in a report, which was accepted unanimously, though the members of the other subcommittees knew nothing about it. That is the position in which I was placed, as a member of the Social Credit party. There was the report of a subcommittee, of which I knew nothing at all but to which I was expected to give my consent; and apparently I did give my consent, because the report was adopted. That should not be the

case; certainly I should not be asked to give my consent or approval to something of which I had no knowledge. Therefore I am going to repeat the suggestion that I have made several times previously. If the main committee is to be divided into three subcommittees, there should be at least three members on the committee from each party in the house; three from the Social Credit party, three from the Cooperative Commonwealth Federation, and three or six or whatever is considered to be fair from the Conservative party. I do not think I can be accused of being politically-minded in making that suggestion; I make it purely from the point of view of fairness to the different parties in the house.

Then there is another matter to which I should like to draw your attention, Mr. Speaker; that is, the way the business of the committee is conducted. I am not so particular whether the meetings are held openly or in camera; I can see some advantages in holding them openly, and I can also see advantages in holding them in camera. There is no doubt that sometimes more information can be obtained when the meeting is held in camera. The Gimli affair has been referred to. I do not think there was anything in connection with that matter which could not have been brought out in an open meeting, and probably our work would have been more effective, but on the other hand there are times—

Mr. CLEAVER: If the hon member will permit an interruption, does he think, by any stretch of the imagination, that subcommittee No. 1 could have reached a unanimous report on Gimli if the meetings had been held in public?

Mr. JOHNSTON (Bow River): I may just say, without discussing the matter at length, that we did not investigate the Gimli situation, so that I do not see how the hon. member can ask me that question.

Mr. CLEAVER: Well, the report is on the table.

Mr. JOHNSTON (Bow River): It was definitely understood that we would not investigate it. There is another matter which I think is extremely important in connection with these committee meetings. I believe when witnesses appear before that committee they should be sworn to tell the truth. In my opinion it is an absolute waste of public money, and a waste of the time of hon. members, to have people appear before the committee and give evidence which is not evidence at all but merely their own little story. They may be right or they may not. I could point to two occasions, in connection with important matters having to do with the expenditure of large amounts of money, on which the evidence given was entirely contradictory. We did not know which was which, and no blame could be placed upon the witnesses because they could simply reply that they thought it was so and so, or something like that.

Mr. MACKENZIE KING: Does the hon. member suggest that a man only tells the truth when he is sworn?

Mr. JOHNSTON (Bow River): I shall leave the Prime Minister to determine whether a man tells the truth when he is not sworn, or whether he does not; I am not going to argue that point. I am not accusing anyone of not telling the truth, but if the Prime Minister's argument is good there would be no sense in swearing witnesses in courts of law, even in murder trials; their simple word would be accepted. But that is not done.

Mr. GRAYDON: The Prime Minister had better get together with the Minister of Justice with that point.

Mr. JOHNSTON (Bow River): I am afraid they would find it difficult to agree.

Mr. CLEAVER: I wonder if the hon. member would indicate why, when he was sitting as a member of that committee, he did not ask that all witnesses should be sworn. This is the first I have heard of it.

Mr. JOHNSTON (Bow River): The chairman of subcommittee No. 1 must have a very short memory, because I did make that request.

Mr. CLEAVER: Then I have no recollection of it.

Mr. JOHNSTON (Bow River): Well, I am not responsible for the hon. member's recollection, but I do not think the point he has raised is well taken, anyway. I am trying to suggest improvements for the next committee, and I think that is an essential improvement. When this government is put to the expense of bringing witnesses all the way across this country, or, on the other hand, of sending the committee across the country, the evidence that is given should be absolutely correct; there should be no misunderstanding about it, and witnesses should be held responsible for the evidence they give. I am not going to refer to the instances I have in mind, but they were outstanding, and this is one of the matters that should be dealt with first by the new committee.

There is another change that I think should be carried out by the new committee; that is, I do not believe the legal adviser of the Department of Munitions and Supply should be sticking around all the time. He was the biggest nuisance we ever ran across. Personally he was a fine fellow, but he was always there, trying to protect the department. As a matter of fact in some cases the witnesses were so confused that they would not give their evidence, and that is not a good thing. The new committee will find that unless they rectify that situation and keep this gentleman away, they will not get the evidence they should get. I remember that on one occasion we had to ask him to either get out or shut up, he was becoming such a nuisance, but that is not the important thing. The important thing is that when you have legal representatives there it throws a psychological atmosphere around the witness which you do not want present.

There is another thing—I seem to be finding a lot of fault with this committee—which I believe is quite important. Hon. members will recall that when this committee was being set up a year ago I stood in the place in which I am standing now and asked that a proper secretariat be appointed. I think the hon. member for Weyburn (Mr. Douglas) supported it. But we did not get any support in the house. When we went into the committee we again asked for it, but we did not get it. But when the committee had finished its sittings last year, I believe I am correct in saying that the members were almost unanimous in their approval of the appointment of a proper secretariat for the committee.

It is an overwhelming job for the ordinary layman to investigate these tremendous amounts and the way in which they are spent. Few members of the committee were capable of properly analysing an audit sheet or of saying whether the audit sheet brought before the committee was the one shown to the directors of the company. I am informed that that was not the case in many instances, that the audit sheets shown to the committee were not the audit sheets shown to the directors of the company. Only a legal man or a chartered accountant would be able to discover that. Every precaution should be taken to see that the information brought before the committee is authentic and that the committee is given the opportunity to delve as deeply as possible into these matters. I do not believe that can be done unless the committee has at its disposal a proper secretariat. Last year we found ourselves handicapped on many occasions because of the lack of that service. It is unfortunate that such a secretariat has not been set up long ago.

Another objection which was raised last year when the committee was first set up was that it was exceedingly difficult for members to be here all the time. After sitting continuously in the house for six or seven months, hon. members found it exceedingly difficult to sit here another three or four months. I was here last year for nine and a half months, and that is a long time to be away from home. You have to let your other work go. Members from the west had to stay here; they could not get home for week-ends as some hon. members can when the house is sitting.

There is no reason why this committee should not have been set up the first week the house opened. I think every member of the committee last year was in agreement that it should be set up just as quickly as possible so that they could perform the duty assigned to them. I am not a member of the committee this year, but I wish to express the satisfaction I had in working on the committee. I found that the members were conscientious and endeavoured to investigate these expenditures to the best of their ability. They did good work, and they saved the government a large amount of money. The exact amount I do not know, because the government has never reported back to indicate that it has acted on the recommendations. It would greatly encourage the members of the committee if they knew that the work they were doing was appreciated and had been acted upon.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, before this motion carries I should like to make one or two observations about this motion standing in the name of the Prime Minister (Mr. Mackenzie King). We are now in the one hundred and thirteenth day of this session of parliament. In other words, almost six months have expired since the house first convened for this session. This motion of the Prime Minister to set up a committee to examine the expenditures defrayed out of moneys provided by parliament for the defence services has been standing on the order paper of the House of Commons since February 24.

I have just made reference to the orders of the day of Friday, February 26, and under government notices of motions I find four motions for the setting up of committees. The first appears in the name of the Prime Minister and had to do with a committee on social security; this first appeared on February

16. The next motion, which appeared on February 19 in the name of the Minister of National War Services (Mr. LaFlèche), was for the setting up of a committee on radio broadcasting. The third, which appeared on February 19 in the name of the Minister of Transport (Mr. Michaud), had to do with the committee on Canadian National Railways. The last one appeared on February 24 in the name of the Prime Minister, and has now been reached on July 17.

It is well known that the progamme of legislation is in the hands of the government. If this committee is essential now in the view of the government, it must have been essential in February of this session. It was fourth on the order paper to which I have made reference, and it has been the fourth or last to be called. But the government had it in its power to have altered that sequence, and this allegedly most important of the committees which were to be set up could have been called before any of the others. That was a matter which lay entirely in the hands of the government and the government must take the responsibility for it.

Mention has been made in previous debates —not in connection with this motion because there has been no debate on it—by the Prime Minister to the delays which have occurred, partly owing to the fact that amendments had been offered to the motion to go into supply. I do not suggest that the Prime Minister was blaming the official opposition for this; in fact I know that that was not in his mind, but I am bound to say that the official opposition has not moved an amendment to the motion to go into supply during this session. I think that ought to go on the record, because if there is blame attachable to any group for delaying important legislation, it should be attached where it properly belongs.

It is interesting to note the delays which occurred in connection with the setting up, prior to the Easter recess, of the reconstruction committee and the committee on social security. I checked *Hansard* and, speaking of delays, I found that in the reconstruction committee debate, 65½ columns of *Hansard* were used by government members, 42½ columns by the official opposition, 31½ columns by the Cooperative Commonwealth Federation, and 49½ columns by the Social Credit group. I am not finding special fault with that; but since mention had been made in a previous debate of delays that were said to be attributable to other parties than the government and perhaps to ourselves as the official opposition, I thought the Prime Minister and the government would like to have the record straight. A similar situation existed in the debate on the social security committee. I have not the figures before me, but I am safe in saying that a similar situation existed there. I hesitate to raise this question and would not have done so, had it not been that some mention was made of delays on a previous occasion.

The Prime Minister to-day in launching his motion made quite a proper reference to certain financial matters of importance which perhaps should have the right of way over some other matters that the house might wish to discuss, including the setting up of committees. I think no one in the house would have any quarrel with the Prime Minister with respect to the importance of the financial measures because, after all, it depends very largely on the situation in which one finds oneself and the programme of the house. But prior to the budget debate there were debates on the setting up of the reconstruction committee, the social security committee, the radio broadcasting committee, and now we are debating the setting up of the war expenditures committee. I can recall that there was some lapse of time between the beginning of the debate setting up the reconstruction committee and the social security committee and the commencement of the budget debate.

I think the house generally was of the opinion that the budget and certain other legislation had to come before this house and be passed before March 31. I quite understood, and I think members of the house generally understood that there were provisions in the budget which made it essential that it should be brought before the house and passed before that date. But, as it subsequently turned out, there was no such necessity. As a matter of fact the legislation which was supposed to be so essential was not passed by that date. In that connection may I point out, Mr. Speaker, that if we had taken an extra half-day or even a Saturday, because one Saturday is as good as another for doing the country's business, or if we had given up a Wednesday evening or a Friday evening, these matters which some members regarded as important could have been disposed of earlier. So that the Prime Minister's argument that the war expenditures committee could not be set up earlier because it would interrupt or delay the passing of the war appropriation measure falls to the ground. Even to-day we have set aside the war appropriation measure, which we said previously we could not do, in order to discuss this very motion. It seems to me there is not very much difference between

intervening on July 17 and intervening some time in May or March or April in the debate on the war appropriation measure or the budget.

We have now lost ninety-three sitting days so far as the setting up of the committee on war expenditures is concerned. If the government consider that this committee is doing the kind of job it ought to be doing, it seems to me that those ninety-three days were precious, and if they were precious, the committee should have been set up. If they were not precious, there is no particular reason why the committee should be set up now, in the last moments of the dying days of a dying session. Whether by design or by accident, the fact that the government have not attempted to set up this committee before is a tacit recognition on their part of the weaknesses of the committee itself.

What opportunity will there be to deal with the report of the committee that is being set up now? We shall be into another session before there is an opportunity to deal with the report of this session, and surely we are not gong to be put in the position of having to deal with the report of a previous session as well as the report of the current session.

But there are other reasons which I think I ought to bring before the government why the motion should not have been presented at as late a date as this. It has been mentioned by other members of the house, and I shall not repeat at any length their arguments. A distinct and important advantage would have resulted if parliament had taken advantage of the ninety-three days we have been sitting here, during which members could have conveniently served on the war expenditures committee because, if the committee is to sit between the adjournment of this session and the beginning of another, as has been pointed out by the hon. member for Bow River (Mr. Johnston), not only is it inconvenient to bring twenty-five members of the house to Ottawa to sit on the committee during the recess, but there is also the question of the expense, and expense to-day is an important matter. The expense of carrying this committee during the recess will be very much greater than if it were sitting during the session. That is an additional reason why I think the government will have to accept a heavy responsibility for not having brought this motion before the house sooner.

There is another angle with which I should like to deal. I have never had the privilege and responsibility of serving on the war expenditures committee, and perhaps may deal with it in a more detached way than those who are close to the work. The views I express could perhaps be taken as the views of those who look upon the committee as the public would do.

One of the features of the operations of this committee in the past which has aroused public dislike—and I say this very kindly to the committee and the government—is that it has abused its privileges, particularly in having recklessly gone into secret session much too frequently. I realize that the Prime Minister and other hon. members will have their own answers on this point, and I am quite willing to maintain an open mind with respect to it. But in dealing with expenditures, whether for war or any other purpose, supreme care should be taken lest people get the idea that you are trying to cover up something when you are trying to find out what is wrong. I have never yet been able to comprehend why the majority membership of a committee allow subcommittees to sit in camera on such a wide variety of subjects.

Mr. REID: I gave the hon. member one reason.

Mr. GRAYDON: I know. I am not going to argue with the hon. member at the moment. But as regards the holding of secret sessions, why was there any necessity to deal, for example, with wartime housing in a secret session? How is the national security menaced as far as wartime housing is concerned? That is only one subject which might be brought up.

After all, hon. members have a sense of responsibility with relation to national security in time of war. Not one of us would willingly allow a single bit of information to go from him or from any committee on which he sat, or from this house, which would give one iota of aid or comfort to the enemy. But with respect to matters which might almost be termed peace-time activities, such as the housing investigation, I believe the action of the committee in sitting in camera has done more than anything else to bring its operations into disrepute. I am not making any charge, but here is what people will say: a committee entrusted with the investigation of the expenditure of public funds, of money which is actually collected in the open, are pursuing their inquiries behind closed doors. The public do not want the committee to be just a plaything of the government; they expect it to be a watchdog of the people's interest. That is something which we as members of parliament must carefully bear in mind.

A few moments ago the hon. member for Halton (Mr. Cleaver), in interrupting the

hon. member for Bow River (Mr. Johnston) made what I thought was a significant statement. I was suspicious of the situation and I think his remark would convince almost anyone on the point. Surely we have not arrived at the position so far as these committees are concerned that in order to have unanimity in a report we must sit in camera. Let us not have unanimity in reports of committees if in order to obtain it we must pull down the blinds and close the shutters on the committee's structure.

Mr. CLEAVER: Would the hon. member permit an interruption?

Mr. GRAYDON: Yes.

Mr. CLEAVER: Does not the fact that a unanimous report is reached suggest to the hon. gentleman's mind that the correct solution of a contentious problem has been found?

Mr. GRAYDON: I would say that as far as the government is concerned a solution of a contentious problem has been found, but as far as the people are concerned it may be an entirely different matter.

The same principle seems to me to apply in connection with other subjects. Take the debate with respect to the wartime information board, whose expenditures relative to publicity were before this house not long ago. Hon. members will recall at once the answer returned by the government to the two motions which we made, in order to get before the public accounts committee the matter of the expenditures of the departments on publicity. "We do not want to send it to the public accounts committee," the government said in effect, "we want to send this to the war expenditures committee." How are you going to have an investigation of the wartime information board if you allow the setting-up of the committee to be delayed until the end of the session? That surely is not an argument worth speaking about. Further than that, was there any reason why the wartime information board's activities should not be open to public scrutiny? Was there anything to the argument that national security is in any way affected? I do not think any hon. member would go so far as that. After the Minister of Agriculture (Mr. Gardiner) had made an impassioned speech in this connection in defence of the government, and had said in effect, although not in so many words, that perhaps it was not advisable that the investigation should be held in open in the public accounts committee, I asked the Minister of Mines and Resources (Mr. Crerar), who was temporarily leading the house, "Will you undertake that, if the matter goes before the war expenditures committee, that committee will not sit in secret with reference to the wartime information board?" And he said, "I will give you no such undertaking." Technically, perhaps, that may have been right, but in every other respect, viewing the moral aspect of the matter, it was wrong. So that we find that the wartime information board, instead of being investigated by the public accounts committee, was shifted to the war expenditures committee, which has not been set up until now. I need not point out in any further detail the difficulties and the delays involved in this proceeding.

I know the sort of answer which will be made from time to time as regards public sessions of committees. I realize as well as the Prime Minister or anyone else the frailty of human nature. But in all seriousness I point out that, with the public gaze directed upon expenditures generally, while perhaps here and there a subject may arise which the government would feel should be dealt with in camera, there are thousands of places as to which the bringing of the facts into the light of day will not only have a beneficial effect on the particular transaction, but it will do more. If every department of government recognizes that it may at any time be drawn into a wide-open investigation, with the blinds up and the doors open to the public, that will have as salutary an effect on departments generally as anything I can at present conceive; because the very threat of having the light of day shed upon any department of government makes for good government and discourages the opposite. That governments and parliaments are constituted as they are, with the checks and balances of government and opposition, with oppositions being given in peace time at any rate, and to some extent in war time too, a measure of freedom to criticize, subject to the national interests generally, is the reason why democracy has functioned as well as it has. The people realize then that their representatives can open up and turn the searchlight on wrongdoing, and it is a good thing for the government, because in every action they take behind closed doors of the cabinet council there is always in the back of their minds that they must come into the chamber and defend the expenditures they have made and stand up for the policies which they have put into effect. That is why democracy has functioned as well as it has. But the very moment people get the idea that there is such a thing as closed doors, even though it may be argued that there is no harm in going on, as will no doubt be argued by this government, they will say that where-

ever there are investigations to be made, they must be made in such a way that the public of Canada shall know what is going on and what the remedies are.

Here is the hon. member for Bow River this afternoon making a speech in which there is evidence of a good deal of knowledge with reference to this matter, which of course he could not disclose, and going so far as to indicate that although his subcommittee had made certain recommendations for a better policy in certain departments, he had not even heard whether the government had entertained any of the recommendations submitted or made use of the information and advice given. These are matters, too, which we must consider in connection with a motion such as this.

The object of publicity is to prevent wrongdoing. Let me make my position quite clear. I do not want to be raising scandals against this government in war time. I may as well tell the government that. Every move that I have made as leader of the opposition or as a private member has had regard to that principle. I have not made a single move, so far as I am aware, that has had behind it the intention of raising scandal. More than that, I have no use for those whose only object is to go on a fishing expedition or a scandal-mongering expedition or to try to do something of this kind in order perhaps to weaken the government's position in war time. I have no use for that type of public or private citizen at a time like this. We cannot afford, in a serious war-time period, to have enemies in Canada. Our enemies are not Canadians; they are in Japan, Italy and Germany. I often think that we should re-orient our position in regard to our petty differences so as to recognize the importance of this point. It should be recognized by people in public life generally. That is important. But as regards just and honest criticism of the expenditure of public moneys, criticism that is made not for the sake of going on a fishing expedition or a scandal-mongering expedition, we should be sensible, because it is the people's money that is being spent, not the government's money or our money. Keeping that in mind, we should let the people know what is being done. Surely that is not too much to ask of the goverment and of this parliament at this particular time.

A relentless scrutiny of public expenditures is essential to proper war-time administration, and it is more essential from the point of view of the government than from that of any other section of the whole dominion, because the responsibility rests upon them.

I was very much impressed by some of the arguments brought forward this afternoon by those who have had some experience on committees such as this, who felt their helplessness and their inability to study in detail the various contracts that had been entered into and the expenditures made. We are spending money at the rate of eleven times as much as we did in 1936 when the budget was brought down. We can realize, therefore, with the vastly swollen expenditures to-day, the result of the war, with all the ramifications of government business, that even the government itself must find it very difficult to keep abreast of developments. And yet twenty-five members of parliament are trying to investigate these expenditures, hardly any of them having any really technical knowledge of the various subjects into which they are inquiring. No matter how capable they may be in their several ways; no matter how conscientious, surely it is not necessary for me to tell the members of this house just how far the committee can make a detailed investigation and give a report which would be really intelligent, having regard to the tremendous volume of business in which the country is now engaged. The hon. member for Cumberland (Mr. Black) admitted his helplessness, and I am sure the members of the committee generally are conscious of their incompetence for want of technical assistance. As the hon. member for Cumberland and others have pointed out, there is not the proper technical help; there is not a proper secretariat, which would bring to these various matters the kind of advice that is so essential if the work is to be carried on as it should be.

I think that ought to be fairly well recognized by everyone in the committee; and that, I suggest, is one of the weaknesses of the committee. The committee has to open the door and let in the light of day. Sittings in camera have become the rule rather than the exception, and that is the reason for the abuses against which I so strongly and vehemently protest this afternoon.

I wish to say this, that I am unable to support the motion of the Prime Minister; and the reason why I am not going to support the motion of the Prime Minister with respect to the setting up of this committee revolves around the necessity, I think, of some party in this house rising up and taking some decided, definite and effective stand as a protest against the secrecy of the sessions of this committee on war expenditures. In addition to that, I do so in order that we may also effectively protest against the lack of adequate representation of our party on that committee. Another effective protest, or reason for protest, lies in the failure to set up the committee at a previous time in the session. The Prime Minister himself must

recognize that most, if not all, of his reasons for setting up the committee are all gone, because we are now in the last week of a long session, and the committee has not yet been constituted. We take this position, too, as a protest against the lack of proper technical organization in the committee, and proper organization so far as the question of secretariat and experts to assist the members of the committee is concerned. That, it seems to me, too, must be protested against. We felt that the most effective means by which we can protest against these abuses, and against these irregularities which are going to reduce materially the effectiveness of the committee, would be to oppose the motion which has been made.

And more than that, I wish to say clearly that if the government proposes to go on, and the committee is set up, we must reserve our rights, as members of the Progressive Conservative party, with respect to making a decision to sit on those committees, particularly where they are being held in secret, and dealing with questions where actual national security in our opinion is not involved. In this way I place before members of the house our position. I do so because I feel that after all, great as were the aims and ideals of this war expenditures committee, the abuses which have crept in and the situations which have arisen from time to time have placed our party in the position where we have felt that some effective protest in the national interest is essential at this particular time.

Therefore, at this time, in closing my remarks, I desire to say that for the reasons which have been advanced we shall oppose the motion of the Prime Minister.

Mr. T. J. O'NEILL (Kamloops): Mr. Speaker, I have listened this afternoon with a great deal of interest to what has been said from the floor of the house with respect to this war expenditures committee. I have listened to the reasons why the committee was not set up sooner, as expressed by some hon. members, and reasons why it possibly should not be set up at all.

This afternoon the leader of the opposition (Mr. Graydon) has made a strong appeal against the setting up of this committee. He is a man for whom I have the greatest respect and regard. As a matter of fact, so much do I regard him that I say this now, without fear of successful contradiction, that unless Mr. Bracken gets a seat for himself in this house very soon there will not be any necessity for him to be here at all. That is the kind of a job I think the leader of the opposition is doing.

There were several objections he made which were not clear to me. First of all, he regrets exceedingly that the committee was not set up. Then, in his last words, just before he took his seat, he tells us that he opposes the setting up of the committee. That is the opinion that was going around this house just before Easter, namely, that if the government attempted to set up the committee the opposition would oppose it.

Mr. GRAYDON: Who said that?

Mr. O'NEILL: The hon. member asks who said it. I am telling him that that was the popular rumour in the house. That is who said it. But now the leader of the opposition tells the house he is going to oppose the setting up of the committee. It does appear that there must have been some foundation for the rumour going around the house. So that it does seem to me the government cannot be blamed very much because of the failure to set up the committee, when the opposition were going to oppose its being set up.

Just now reference was made to a unanimous report being brought in by the committee. The leader of the opposition has said that, so far as the government is concerned, yes; but so far as the public is concerned—well, that is another matter. I was not a member of the committee last year, but I was the year before, and I resent that remark a little bit. It seemed to me that he sort of cast a reflection upon those members of the committee who were from the government side.

Then the leader of the opposition complained about the percentage of representation of his party on the committee. So far as I am concerned I cannot see that there is any difference between the percentage of representation of Progressive Conservative members on that committee and the percentage on other committees. There is no different attitude taken toward the Progressive Conservatives from that taken toward any of the other parties. It is all based on percentage. It may be urged that that percentage is wrong. But my belief is that it follows the representation throughout the country. For instance, Ontario has a certain number of members in the House of Commons, and it is based—or is supposed to be—on a percentage of population. The same applies in setting up committees of the house. The Progressive Conservative party has twice as many representatives as the Cooperative Commonwealth Federation or the Social Credit party, because of the number of members in the official opposition party in the house.

Then some hon. members—and among them, I believe, the leader of the opposition—have

complained about lack of control in the committee. It does not seem to me, Mr. Speaker, that any party should have control of a committee, and I do not think there was any attempt to have control. Certainly on the committee on which I served no attempt was made to have control of the committee. So far as I am concerned, in all the committee meetings I attended there were only one or two occasions when in my opinion it would have been quite all right to hold the meeting in public; or at least I could see no very good reason at the time for its being held in camera. But there was this point to be considered at all times, that we would get far better information, and get it more readily from the witnesses, if they were assured, before giving their evidence, that the meeting would be held in camera.

It was our idea to get that information. We were not trying to uncover any scandal, because we believed that the people in this country were just as sincere in their war effort as we were. Therefore there should not be any scandal to uncover, and we were not trying to uncover any. What we were trying to find out was if there was any way whereby we could improve methods employed in doing their business. One particular instance I have in mind had to do with the head of one of the large hospitals in Canada, a man who did not have to come before the committee at all. Quite definitely that man would never have appeared before the committee, unless the meeting had been in camera. The things that he might say might be misconstrued by some member of the press. He was not in there to give information, unless it was on the understanding that the meeting would be in camera. I did not see any reason in the world why we should not hold that meeting in camera. Certainly no information was going to develop which would be of comfort to the enemy, but that was not the point. We wanted to get information, and the only way in which we could get it was to guarantee to that gentleman that the meeting would be held in camera. That was done; we secured the information, and I think some good came of it.

Some hon. members, including the leader of the opposition, have complained because the government brought in a motion like this on a Saturday afternoon, when everyone had gone home. I ask, why have they gone home, with the house still in session; why are they not here? That is what we have to contend with all the time with these "T-to-T" members —Tuesday to Thursday; those of us who come from the maritimes or from the west are here from the middle of January until the middle of August, while these other hon. members slip out on Thursday and do not come back until the following Tuesday. Now they have the audacity to complain in this house because something is brought up on a Saturday afternoon and they are not here. Well, they should be here. I maintain that it is absolutely wrong to blame the government for bringing in this motion at this time. I may be a little dumb, but I do not see how the government could have done anything else, because on the very statement of the leader of the opposition it would seem that this matter would be opposed no matter when it was brought in.

Something has been said about publicity. In my constituency I have not heard one person, whether he belonged to the Liberal party, the Cooperative Commonwealth Federation party or the Progressive Conservative party, say anything that would lead me to believe he was suspicious that this committee was trying to cover up something. I never heard any such suggestion. Publicity, you know, at times is very much abused by all political parties, and sometimes it seems to me that we make too much use of it. I was at a League of Nations' meeting not very long ago at which one speaker said the public men of this country were destroying the confidence of the people in them. That speaker was a university professor, and he said one of the things that was undermining the confidence of the young men and young women of this country in our government was that the Progressive Conservative party had made too good a job of tearing down the Prime Minister (Mr. Mackenzie King). That is the kind of stuff that is going on in the country; that is the sort of thing that is making the people believe there is something wrong in our government institutions. I have not seen anything of a crooked nature since I have been here. There are many things about the government of the country that seem wrong to me, but I have seen nothing absolutely crooked. Yet there is a great deal of talk in this house, coming from all political parties, trying to make out that there is something wrong with those who belong to the opposing parties.

There is not very much else I wish to say in connection with this motion. I was not on the war expenditures committee last year, though I was on it the year before last and I saw nothing wrong at that time. So far as I am aware no graft was proved, and I have no knowledge of what was done in connection

with the report last year, whether or not it was acted upon. However, I am sorry that this committee was not set up long ago, for there is no doubt that people are going to wonder why that was not done, and why the committee must sit while the house is not in session. Personally I feel that there is so much business for that committee to attend to that it should sit all year, whether or not the house is in session, and we should not have to wait until the house meets again to have the committee reconstituted. It should go right to work and keep on working, and even then it would not be able to look after all the business.

There is another complaint that is often made, in connection with the attendance of hon. members in this house, which I think might be answered at this time. We have had five or six special committees, in addition to the regular committees of the house, and very often when you come into this chamber you find only from twenty-five to forty members in their places. I have had visitors sitting in the galleries who have asked me where all the members are. Well, the members are attending these various committees, and I suggest that if this committee had been set up as well, with twenty-four or twenty-five members, we would have had a hard time to get a quorum There is a limit to the number of committees that can be set up with only 245 members, and there is a limit to the efficient work that can be done by those committees. Personally I am very sorry the committee was not set up sooner, but certainly I am going to support the motion, and I would suggest to the Prime Minister that, if it can be arranged in any way, the committee be set up again as soon as we meet next session, or that the present committee be continued, so that it may go right on with its work.

Right Hon. W. L. MACKENZIE KING (Prime Minister): First of all, Mr. Speaker, I should like to say to the members who have served on war expenditures committees how deeply the government appreciates the services they have rendered in connection with the committee's work. I was reserving what I wished to say on that point until the conclusion of the debate. I believe there are very few tasks more important or more onerous than the task which is assigned to hon. members who sit on the war expenditures committee, particularly when that committee is obliged to hold its meetings not only while parliament is in session but practically throughout the year. As some hon. members have mentioned this afternoon, this means a very great sacrifice not only of time but of personal means and in relation to their own business affairs. I believe this service merits the thanks of all members of the House of Commons. In the name of the government I should like to express very sincere thanks to the members of the committee for the efficient and helpful service they have rendered.

I am at a loss to understand the attitude of my hon. friend the leader of the opposition (Mr. Graydon) in saying that he does not propose to support this motion, for the reason, as alleged by him, that he wishes to make a protest in the matter on behalf of his party. Well, in listening to him, I thought he was protesting a good deal. If that is the real purpose behind my hon. friend's decision not to support the motion, I should certainly feel that purpose had been adequately served by what he has said. However, I would point out to the leader of the opposition that he like myself is a salaried officer of this house. He has his duties as leader of the opposition and I have my duties as Prime Minister. One of his duties as leader of the opposition is to see that the house is informed at any and all times when there is reason to believe that the government is not doing its duty. I ask hon. members to look through the proceedings of parliament of this session and see if they can find at any time in any place where the leader of the opposition asked that the committee on war expenditures should be immediately appointed. He may have done so in some general statement with respect to the calling of committees generally, but he has seen this motion on the order paper; he has heard it called from time to time, and never once has he risen in his place to say that it was in the public interest that the war expenditures committee should be appointed, that its setting up should not be delayed and that he would ask the government to set apart a time when the committee could be set up. I say that if he had done that there might have been some reason to believe that his intention not to support the setting up of the committee was based upon the reason that the government had not done its full duty in the matter.

The hon. member for Rosetown-Biggar (Mr. Coldwell), leader of the Cooperative Commonwealth Federation group, did not rise in his seat to express the hope that the committee would soon be establshed. The reason I gave him at the time for its not having been established was that an agreement had been reached between the leaders of the different parties in this house that certain other business would be proceeded with first. As leader of

this house I feel myself to be bound by agreements reached in matters of procedure of business of the house as in all else between the different leaders in the house. As hon. members know, there was a distinct understanding between the leaders that the financial measures would be disposed of as rapidly as possible and that the order of procedure would be as set forth in the agreement which had been reached between us.

If I had been asked to waive that agreement; if I had been told that there were special reasons why it was desirable that it should be waived, I would have been the first to have met the request. I was anxious to get the committee appointed. I made that perfectly clear in statements which were made when the house was about to adjourn for Easter. I said that I was very anxious to get the remaining two committees established before we adjourned, the one on radio broadcasting and the other on war-time expenditures. The radio committee was appointed, as I recall it within a certain length of time, but I was told by some hon. member opposite —I think I am right in saying that it was my hon. friend the leader of the opposition among others who told me—that there were certain gentlemen on his side of the house who wished to debate this matter and that he hoped I would not take it up before the Easter recess.

Mr. GRAYDON: I know the Prime Minister would not want to put words in my mouth. I cannot recall having said that and I am quite sure that I did not. It may have been someone else who made mention of that, but so far as I am concerned any intimation with respect to hon. members having something to say applied as much to the radio broadcasting committee as it did to this one.

Mr. MACKENZIE KING: We were drawing rapidly to the moment of adjournment at Easter, and I repeated a previous suggestion that it should not take any time at all to set up the committee and that if hon. members wished to discuss matters relevant thereto later on, it could be done on a report of the committee or when the committee was making its report. But I know—I am not sufficiently clear in my mind to say positively that it was from the leader of the opposition—I certainly received an intimation from some hon. gentleman opposite in the clearest manner possible that there were hon. members on the other side who wished to speak on this motion and that the debate would take a considerable time. It was that reason and that reason alone which prevented me from bringing forward this motion before the Easter recess. As I say, it was the duty of the leader of the opposition, if he regarded the setting up of this committee as of national importance, to have risen in his seat and asked me as leader of the government to see that the motion was placed before the house before the session got along too far.

Mr. GRAYDON: Another leader did.

Mr. MACKENZIE KING: I have just said that I gave an answer to him and it was accepted by him and by my hon. friend. I have thought all the time since that the leader of the opposition was accepting the answer which I had given to the leader of the Cooperative Commonwealth Federation and for that reason was not making any special request because he knew—he was a party to it—that there was an arrangement as to the procedure of business, as to the order in which the several measures were to be taken up, and that I was following out that order.

Mr. GRAYDON: There has been a great deal of talk about the order of business. The Prime Minister knows as well as I that the order of business with respect to the budget and the war appropriation bill was not a question of interfering with the present situation in connection with the war expenditures committee. Actually we could have taken a Wednesday night, or a Friday night, or a Saturday if necessary, without interfering in any way with the sequence of business.

Mr. MACKENZIE KING: We could not have done anything of the kind. If my understanding was correct, there was likely to be a long debate on the question.

Mr. GRAYDON I do not know where my right hon. friend got that idea. It may have been, as he says, that someone intimated that some hon. members wished to speak, but I never knew that there was going to be a long debate. There has not been a long debate at this stage.

Mr. MACKENZIE KING: The same conditions are not existing at this time. I am telling the house quite frankly and honestly that that is what governed me in the matter. I felt that hon. gentlemen opposite understood, along with myself, a certain procedure was to be followed and I was adhering to that procedure. I sought to find a way to get the committee set up by saying that I saw no reason why we could not appoint the committee in a very few minutes and then if hon. members wished to have a discussion later, it could take place on the report.

Mr. GRAYDON: If that was in the back of my right hon. friend's mind why did he

not put this committee first on the list? He put reconstruction first; then social security, and then radio broadcasting.

Mr. MACKENZIE KING: I think the order of committees was established by the way requested names for memberships were received from the different parties in the house. I cannot tell the house why, but there was special difficulty in certain quarters opposite in obtaining the names of members for the war expenditures committee. The desire of the government was to get all these committees set up as rapidly as possible. As I said this afternoon, the committees for the most part were set up at an earlier date this year than has been the case for many years past in this parliament. I come back to the position that if the committee was not set up earlier the leader of the opposition is responsible more than anyone else for not having asked the government that it should be set up at an earlier time. I repeat the challenge I have made, to look at the records of *Hansard* to see whether my hon. friend at any time asked that this committee because of its importance should be appointed without further delay.

In regard to the points that have been raised in the course of the debate this afternoon I should like to say this. With the exception of the changing of a word or two, the reasons for which I mentioned when the matter was being discussed before, the resolution before the house to-day is in the identical terms of the resolution which has been passed by the House of Commons at Westminster every year since this war began, and which was adopted in the first instance in the third year of the last war. The British parliament has had experience in dealing with public expenditures unequalled by any other free parliament in the world. The war expenditures at Westminster are colossal compared with the war expenditures made by this parliament. I personally have felt that the reasons which have governed the powers and procedure of the committee at Westminster must be very strong indeed, or the government at Westminster would never have consented to having the powers given, limited in some respects as they are, and the particular procedure adopted which exists in respect to the war expenditures committee of the United Kingdom. Everything that has been done with regard to the war expenditures committee at Westminster has been done for the best and soundest of reasons. I make that statement the more emphatically because there are many hon. gentlemen opposite me who, when Sir John Wardlaw Milne was here, who is chairman of the war expenditures committee and a leading Conservative in the British parliament, had conversations with him on this very matter. They asked about the procedure in the British house and the powers of its war expenditures committee and received from him direct the reasons which governed at Westminster in having, not some sessions of the war expenditures committee held in camera, but all its sessions. There have been no sessions of the war expenditures committee in Great Britain held in public. The British parliament, which is most zealous in its supervision of expenditures and is the custodian of the interests of the people of the United Kingdom, has not reached that decision without the very best of reasons, and I am convinced that they are the very soundest reasons in time of war.

There is one thing I have tried to do in the discharge of my responsibility here, and that is to have nothing done in this parliament which was merely to embarrass the British parliament or the British war effort or the war effort of the United States or that of any of our allies or our own war effort. I have had to ask myself time and again: Will I remain misunderstood in regard to a particular attitude I am taking because I do not come out and say something that would be very popular and meet with general acclaim, or shall I remain silent, and follow the procedure that I know to be wisest, though it may not be generally understood to the degree one would wish among the people?

This is a case in point. I should like to see all these inquiries made in the open. I am just as anxious to have publicity on these matters as anybody could be, more anxious indeed than any other member in the house, because I have more to lose than any other man if scandals should develop in our war effort; or anything improper take place as a result of inadequate supervision on the part of the government. I want to see this war expenditures committee carry on its duties. I want to see it go into all matters of war expenditure just as fully as it possibly can. I want to see the opposition join with members of the government in seeing that the investigations of that committee are made just as thorough as they can possibly be made. But I do not want to make a departure here which is going possibly to result in something happening in Canada which is the very thing which the British parliament has sought to avoid having happen as a result of investigations in time of war. I take my stand on the experience and wisdom of the parlia-

ment at Westminster in dealing with expenditures in time of war, and I am prepared to say to this house and to the country: any right, any privilege, any opportunity that is given to the committee on war expenditures at Westminster I would like our committee to have and I will support in this house. Surely that is going as far as any committee could wish to go. I am ready to have any power given to this committee or to any of its subcommittees that is given to the war expenditures committee in the United Kingdom. I not only would be willing to give it to our committee but I wish them to have it.

I could go at some length into the reasons why meetings are held in camera and as to the other points raised, but in a previous debate I discussed, I think, every one of them and I do not wish to detain the house by a discussion at length this afternoon.

I shall speak therefore only on one other matter that has been mentioned here this afternoon, namely the composition of the committee. The composition of this House of Commons is determined by the country, and the composition of committees of this house is based upon the composition of its membership.

Mr. DIEFENBAKER: Is not this an extraordinary committee?

Mr. MACKENZIE KING: No, and if it were, are hon. gentlemen opposite any more honest than hon. members on this side? Why were the members on this side of the house sent to this house in the numbers in which they were? It was because the people of this country had more confidence in them than in hon. gentlemen opposite who were returned in the minority in which they are at the present time. I will not for a moment admit that any hon. gentleman sitting on the opposition benches in a minority is more honourable or more honest or more concerned for his country's well-being and its good name than are the men on this side who have been returned to represent the people of this country in the numbers they have. Such an argument as is being suggested reflects on every member.

Mr. GRAYDON: Nobody put up the argument in the first place, and that is why I wonder at the Prime Minister answering it.

Mr. MACKENZIE KING: It has been put forward time and again, and I think it has now been sufficiently answered.

I shall not take up more time. But I say to the leader of the opposition I would hope that on second thoughts he would realize that there can be no duty more important at the present time than the careful supervision of public expenditures, and that he would reconsider whether he is really doing something in the national interest in saying that he is not prepared to support the reconstitution of a committee as all-important as is the committee on war expenditures.

Motion agreed to, on division.

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO BETTING, PREVIOUS OFFENCE CHARGED, ET CETERA

The house resumed consideration in committee of bill No. 107, to amend the criminal code—Mr. St. Laurent—Mr. Bradette in the chair.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: The committee is considering section 7. There is a subamendment and an amendment.

Mr. ST. LAURENT: Before the subamendment and the amendment are put to the committee, I would ask leave to substitute for my amendment an amendment to be moved by the hon. member for Mercier.

Mr. JEAN: I move to withdraw the amendment and substitute therefor the following:

To strike out the first portion of line 35 and substitute therefor the following words:
"opened, kept or used or outfitted or equipped in such manner as to be likely to be"

Mr. ST. LAURENT: That eliminates the words "intended to be used", and I do not think it would in fact make any difference in the application of the provision, but it removes all possibility of there being any conviction on an intention without an overt act, which was one of the objections raised earlier in the day when the paragraph was being considered. I do not think there could have been any possibility of a conviction without an overt act, because the condition of the premises still had to be proved, and it was the possession or control of these premises which would constitute the offence. But the elimination of the words "intended to be used" would not affect the purpose we seek to achieve by the provision, and it does avoid the objection made by some hon. members, that it provided a possibility of conviction on intention without any overt act.

Mr. REID: But you have left in the words "likely to be", and so leave it to the imagination or the interpretation of whoever is prosecuting or laying the charge. Is there any other act in which the words "likely to" occur?

Mr. ST. LAURENT: I do not know that there are any statutory provisions which have the words "likely to be used", but there are statutory provisions which make it a crime to have a thing which is likely to cause damage. It is for that reason that the carrying of arms is forbidden. It is for that reason that it is forbidden to have explosives in certain places. It is because the possession or control of the thing which is likely to be harmful is forbidden.

Mr. NEILL: In view of the fact that I moved the amendment to the minister's amendment, I might be allowed to say a few words. The amendment as he now proposes it does away with practically all the objection which I had, and which was shared by other members, which was to the idea of convicting a man because he might have had an intention in his mind without, to use the legal expression employed by the minister, committing an overt act. I think in view of that, and of the desire of some hon. members that some more restrictive regulations should be put in, I would ask leave to withdraw the amendment I moved.

Subamendment withdrawn.

Amendment (Mr. Jean) agreed to.

The CHAIRMAN: Section as amended carried.

Mr. REID: On division.

Section as amended agreed to on division.

On section 8—Betting, pool-selling and book making.

Mr. ST. LAURENT: I should like to suggest that there be added to section 8 the following words, after the word "place", in line 13:

Provided, however, that the provisions of this paragraph shall not apply to the publication of news or records in relation to any race, fight, game or sport or to the contestants therein in the ordinary course of publishing a bona fide newspaper.

Mr. MULOCK: I so move.

Mr. STIRLING: Has not the word "or" got to go in somewhere, either before or after?

Mr. ST. LAURENT: Yes, the word "or" should remain. This amendment should go in between the words "place" and "or" in line 13.

[Mr St. Laurent.]

Mr. STIRLING: The amendment should finish up with the word "or", should it not?

Mr. ST. LAURENT: Yes, and it does in the form in which I moved it.

Mr. STIRLING: It was not so read by the Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 9—Betting, et cetera.

Mr. JEAN: I move to strike out the whole clause and renumber the following clauses accordingly.

Mr. GRAYDON: I do not think I was in the chamber at the time when section 9 first came up. Perhaps the minister would explain.

Mr. ST. LAURENT: Hon. members will see on the right-hand page in the explanatory notes a provision which is already there:

(i) wilfully and knowingly sends, transmits, delivers or receives any message. . . .

Section 9 was to replace that by the clause as redrawn. It had been pointed out that as it existed it made the situation rather difficult for telephone and telegraph companies required by law to transmit messages handed to them by the public, and it was felt that by redrawing it in this form we would be easing the situation for these utility companies which are required by law to transmit messages given to them by the public. But the telephone and telegraph companies, after reconsidering it, have said that they would rather not have it in this form; that, even in the form in which we have suggested it, we would be imposing additional burdens of supervision upon them at a time when they have not a sufficient number of employees.

Mr. GRAYDON: In other words, they are willing to take a chance?

Mr. ST. LAURENT: They are willing to take a chance on the old text rather than take the new one.

Motion (Mr. Jean) agreed to.

Section withdrawn.

Section 10 agreed to.

On section 11—Bodily injuries and acts and omissions causing danger to the person.

Mr. DIEFENBAKER: What is the purpose of that section?

Mr. ST. LAURENT: The purpose of the section is to meet a difficulty which arose in the province of Ontario, where a magistrate held that the Windsor tunnel was not a

highway, and that things happening there were not governed by provisions with respect to happenings on highways.

Mr. DIEFENBAKER: That widens the ambit very considerably. "For the purposes of this section 'highway' shall include any road to which the public has access..." That really covers a private road—

Mr. ST. LAURENT: No.

Mr. DIEFENBAKER: —where the public may have temporary right of access.

Mr. ST. LAURENT: Oh, "right of access" —yes; but that would not be a private road, if there were right of access.

Mr. DIEFENBAKER: The right of access might be gained by agreement.

Mr. ST. LAURENT: To the public?

Mr. DIEFENBAKER: Yes.

Mr. ST. LAURENT: If it were an agreement with the public, it would then cease to be a private right of way.

Mr. GRAYDON: I have in mind at the moment a road which is used by the public practically every day in the year except for one day in every year, when the company which I happen to know of closes the gateway into their particular grounds. There is no doubt in the world that the public has access to that road. They use it at all times. I cannot see the distinction the minister makes, from what the hon. member for Lake Centre says. What is the difference between having right of access and access? It is straining a point, I submit. In one case you have a right of access, and in the other you use the right of access. In the case of a road such as I have described, where the public undoubtedly has access, through the permission of the owners, if you like, of the property, the road in question connecting two streets and being very handy for persons with motor vehicles and bicycles as well as pedestrians, the use of that road cuts off a considerable distance for people in the town I have in mind. In making a claim for liability under an insurance policy, I am doubtful whether the word "highway" could be applied to that road. If an accident were to take place on that road, I do not believe that the terms of an insurance policy, which would cover only the owner of a vehicle on a highway, would enable the claimant to recover, because while in one sense it is a private road, the public certainly has had access to it. I suggest that this section might make it possible for this road to be regarded as a highway, and I am not so sure that the rights and obligations flowing from such a change might not have perhaps some disadvantageous effect upon the people using it.

Mr. ST. LAURENT: May I call my hon. friend's attention to what section 285 covers. Section 285 provides:

> Everyone is guilty of an indictable offence and liable to two years' imprisonment who, having the charge of any carriage or motor vehicle, automobile, or other vehicle, by wanton or furious driving, or racing or other wilful misconduct, or by wilful neglect, does or causes to be done any bodily harm to any person.

"Highway" is not mentioned in that subsection, but it does appear in the second subsection, which provides:

> Whenever, owing to the presence of a motor car on the highway, an accident has occurred to any person or to any horse or vehicle in charge of any person, any person driving the motor car shall be liable on summary conviction to a fine not exceeding fifty dollars and costs or to imprisonment for a term not exceeding thirty days if he fails to stop his car and, with intent to escape liability either civil or criminal, drives on without tendering assistance and giving his name and address.

It also appears in subsection 6, which deals with driving a motor vehicle recklessly on a street, road, highway or other public place.

Those are the only subsections with respect to which this amendment would have any effect. The word "highway" also occurs in the third subsection but only in the enumeration, which ends with: "street, road, highway or other place." So that with respect to the third subsection this amendment would have no effect. The amendment is suggested at the instance of the deputy attorney-general of Ontario because of a decision there in which it was held that the Windsor tunnel was not a street, road, or highway within the meaning of subsections 2 and 6 of section 285. I do not think it could have any effect as to civil liability. It is a matter of rather restricted application.

Mr. GRAYDON: Is the minister sure it is of restricted application? Has he given thought to what might perhaps be covered by this extension of the purview of the word "highway"? True, the attorney-general of Ontario may have in mind the curing of one particular defect, but what this legislative body has to bear in mind is that in effecting one cure where a difficulty has arisen, care must be taken as to how far we are opening up the whole question of highways to which the public has access.

Mr. GRAHAM: Would the hon. member not admit that it is wise to have the same principle recognized in that section of the code applied to such a road as he has described,

even if it were a private road? Surely a person commiting an offence, such as that which we are guarding against, on such a road as the leader of the opposition described would be properly punishable as upon an open highway. Would the hon. member not agree with that?

Mr. GRAYDON: I am not so sure that I would agree with that under the circumstances. I do not want to go into the case, but I do not think my hon. friend has clearly in mind the geographical situation I have described, or perhaps I was not very clear myself in the description I gave. Under the circumstances, however, I would not be able to agree with the hon. member that it would be necessary or proper to make the change suggested.

Mr. DIEFENBAKER: I submit that this widens the section far too much. Take, for instance, a situation such as this, where there is not a fence around a property and there is a trail or road across a person's property. That trail is used, even though the users are in reality trespassing. In that case the public would have access. I suggest that the minister consider amending the section to read, "shall include any road to which the public has the right of access." The public might have access, even if they were trespassing, but they would not have the right of access. I suggest that the addition of these words would cover the situation.

Mr. ST. LAURENT: If the hon. member will so move, I have no objection to accepting such an amendment.

Mr. DIEFENBAKER: I move that after the words, "public has" in line twenty-five the words "right of" shall be inserted.

Amendment agreed to.

Section as amended agreed to.

On section 12—Definitions in part VII.

Mr. ST. LAURENT: In checking this with other departments it was found that the words inserted were not sufficient to cover all cases. It will be noted that the words underscored are the words we have inserted. There is in part II of the Trade Mark and Design Act, a provision which must be taken care of. So that I suggest adding in line 33 after the figures "1932" the words, "or part II of the Trade Mark and Design Act". It is only one part of the Trade Mark and Design Act that is replaced by the Unfair Competition Act, 1932. The departments have checked, and they agree that with this change it will be sufficiently covered.

Mr. STIRLING: I suggest that the word "act" must be changed to the plural in line 34.

[Mr. Graham.]

Mr. ST. LAURENT: The "said act" there is the United Kingdom act, known as the Patents and Designs Act, 1907.

Mr. GRAYDON: This does not seem very clear. It states:

> "Trade mark" means a trade mark or industrial design registered in accordance with the Unfair Competition Act, 1932.

Then we have added, "the Trade Mark and Design Act". Then the paragraph continues:

> And the registration whereof is in force under the provisions of the said act.

The "said act" normally would not refer back to the third preceding act.

Mr. ST. LAURENT: I stand corrected.

Mr. GRAYDON: Registration is, I think, completed in either of the acts. So that the plural form should be used.

Mr. ST. LAURENT: Yes.

Mr. GREEN: How does the amendment read? Does it simply change the word "act" to "acts"? It seems to me it should be "either of the said acts".

Mr. ST. LAURENT: That would be preferable.

Mr. GRAYDON: If the minister is going to do that I suggest the words "either or both of the said acts".

Mr. JEAN: I move:

> That section 12 be amended by adding after the figures "1932" in line 33, the words "or part II of the Trade Mark and Design Act", and that in line 34 the words "of the said act" be replaced by the words "either of the said acts".

Amendment agreed to.

Section as amended agreed to.

On section 13—False pretences.

Mr. DIEFENBAKER: Would the minister give an example of a case which would fall within the amendment. It is rather difficult to think of an advertisement arranged or worded so as to be deceptive or misleading.

Mr. ST. LAURENT: This was asked for by the Better Business Bureau, and we were told that there were signs being published with the word "no", in small type, and the words "fire sale here" in larger type. Such a sign would have in large type the words "fire sale here", but if one looked at it closely he would see that it read "no fire sale here".

Mr. DIEFENBAKER: Who asked for it?

Mr. ST. LAURENT: The Better Business Bureau of Toronto.

Mr. GREEN: Does this apply to political advertising?

Mr. ST. LAURENT: Political advertising, from my experience, is never deceptive.

Mr. STIRLING: Always pure.

Mr. GRAYDON: I think we can rely upon the public to see to that, without any amendments to the criminal code. I presume the minister does get many representations from organizations such as the Better Business Bureau. But nearly all these amendments have been suggested by somebody else. I was wondering whether the suggestion from the Better Business Bureau was based on some case in connection with which they had had some difficulty in obtaining a conviction. Or is it just one of those cases where, for their own purposes, and for the protection of the public, they would like to tighten up the provisions of the existing law?

Mr. ST. LAURENT: I do not think there was any prosecution, because the section, as it appears on the right side of the page, is left exactly as it was. The only new words are those underscored, namely, "or which advertisement is intentionally so worded or arranged as to be deceptive or misleading". Without that, whatever the form of the type, if the statement were true it would not come within the section. The representations made were that with the section as it was there were deliberate attempts being made to stay within its terms, and still create a deceptive impression.

The hon. member has said that these amendments are the result of suggestions made to the government. It must be remembered that it is not the federal Department of Justice which administers the criminal code. That is done by attorneys general in the provinces. It is when representations come from those who have to do with the application of the law that we must consider whether or not a plausible case has been made out. There would have been no bill brought before the house for the purpose of making only this change. But because a bill was to be introduced making several changes, and representations having been made that there had been resort to this misleading form so as to avoid the consequences of the statute, we thought it proper to insert the additional words. It then becomes a question of fact for the magistrate to decide whether or not it was intentionally worded to deceive. To convict, the magistrate would have to find that it was intentionally worded or arranged to cause deception.

Mr. GRAYDON: "Worded or arranged."

Mr. ST. LAURENT: Yes, or arranged.

Mr. GRAHAM: Would the section not be improved by leaving out the word "intentionally"? *Mens rea* must be an ingredient, anyway. I am very much in favour of this section; I think it is quite proper and advisable, but I was wondering whether it might not be strengthened and improved if it read, "or which advertisement is so worded or arranged as to be deceptive or misleading."

Mr. ST. LAURENT: I should be afraid it might be held that if in fact it happened to be worded or arranged in a manner that did not convey the correct information, the very fact that it was so worded or arranged, without *mens rea,* might be held to constitute an offence. I think the hon. member will agree that there should not be a conviction unless there is *mens rea,* and I do not know that there is any harm here in making it apparent that the intent to deceive must be found as a fact by the magistrate.

Mr. GRAYDON: I can think of a case, for instance, in which a printer might make a typographical error of some description. In the absence of the word "intentionally," it might be possible that some innocent person would be brought before the court without the proper prctection being given.

Section agreed to.

Sections 14 to 19 inclusive agreed to.

On section 20—Trial without consent of person charged.

Mr. DIEFENBAKER: In connection with sections 18, 19, 20, 21 and 22, I would suggest for the consideration of the minister that during the coming year something be done by way of recasting sections 773 to 777 of the code. They have been productive of much doubt, of much divergence in interpretation, and there is always great difficulty in understanding clearly the jurisdiction of the various courts under these sections. They have been built up by amendments from year to year until to-day it is almost impossible to achieve any unity of decision in the various courts throughout the country.

Mr. ST. LAURENT: The hon. member refers to sections 773 to 777 inclusive?

Mr. DIEFENBAKER: Yes.

Mr. ST. LAURENT: I shall be glad to see that they are considered by the law officers of the department.

Section agreed to.

On section 21—Trial without consent.

Mr. POTTIER: I quite agree with the hon. member for Lake Centre that sections 773 to 777 should be examined. If you try to read them together you have to keep going from one to the other. I take it that section 21 of this bill is to correct the anomaly we find now in section 774 of the code, in which New Brunswick, Nova Scotia and Prince Edward Island were left out; that is, in connection with certain offences where the procedure had to be by summary trial. I take that to be the purpose of section 21, to bring Nova Scotia in with the other provinces in reference to consent in certain offences?

Mr. ST. LAURENT: Yes.

Section agreed to.

On section 22—Trial without consent.

Mr. ST. LAURENT: This change is merely to leave Nova Scotia out it having been dealt with under the previous section.

Section agreed to.

Sections 23 and 24 agreed to.

On section 25—Procedure in cases of corporations in summary trials of indictable offences.

Mr. DIEFENBAKER: There has always been a great deal of difficulty in connection with corporations brought before the courts, and I would ask the minister to explain just how these amendments will deal with the difficulties that have arisen since the last amendments were introduced. I have read the explanatory note, but I am not able to follow exactly the situation that is contemplated in the explanation.

Mr. ST. LAURENT: Section 782 deals with the case where a corporation is charged:

When a corporation is to be charged the summons may be served on the mayor or chief officer of such corporation, or upon the clerk or secretary or the like officer thereof, and may be in the same form as if the defendant were a natural person.

2. The corporation in such case shall appear by attorney, who shall on its behalf, where the charge cannot be tried summarily without the consent of the accused, elect, as in the next preceding section provided in respect of a natural person, and thereupon the case shall proceed as if the defendant were a natural person.

That is, if the election is made.

3. If the defendant does not so appear, or, so appearing does not, where consent is required as aforesaid, by its attorney elect to be tried in the ordinary way by the court having criminal jurisdiction, the magistrate may proceed in the absence of the defendant, or upon its not so electing to be tried as aforesaid, as upon a preliminary investigation.

It is that third subsection that is proposed to be replaced by the new provision.

3. If the corporation—

This word is used instead of "defendant" as heretofore.

—does not so appear, or, so appearing, does not, where consent is required as aforesaid, by its attorney elect to be tried summarily the magistrate may

(a) where the charge is one that can be tried summarily without the consent of the accused, proceed with the trial in the absence of the accused. . . .

I think the hon. member would agree that this is proper.

(b) where the charge is one that requires consent as aforesaid, proceed, in the absence of the accused or upon its attorney not so electing to be tried as aforesaid, as upon a preliminary investigation.

That is to say, if it is a case in which consent to be tried summarily is required, if there is no appearance or if there is an appearance by attorney and the attorney does not elect that the corporation be proceeded against summarily, the magistrate must proceed in the ordinary way, as upon a preliminary investigation. I think this is merely to clarify what was intended by the section as it stood before, but as it stood it did not clearly distinguish between cases in which the magistrate could proceed without the consent of the accused and cases in which he could not proceed summarily unless he had consent.

Section agreed to.

Section 26 agreed to.

On section 27—Speedy trials of indictable offences.

Mr. ST. LAURENT: I am going to ask that this section be struck out and replaced by another section.

Mr. JEAN: I move:

Strike out all the words and substitute therefor the following:

"26. Subsections 3 and 4 of section eight hundred and twenty-seven of the said act are repealed and the following substituted therefor:

'(3) In such case or if the prisoner has been brought before the judge and consents to be tried by him without a jury, the prosecuting officer shall prefer a formal statement in writing setting forth as separate counts therein the charge or charges against him for which he has been committed for trial and any charge or charges founded on the facts or evidence

disclosed in the depositions and any charge or charges preferred against him pursuant to the provisions of section eight hundred and thirty-four.

'(4) No charge for an offence for which a greater punishment may be inflicted by reason of a previous conviction or convictions shall contain any references to such previous conviction or convictions.

'(5) If upon being arraigned the prisoner pleads guilty to any count, the prosecuting officer shall draw up a record as nearly as may be in form 60, and such plea shall be entered on the record, and the judge shall pass the sentence of the law on such prisoner, which shall have the same force and effect as if passed by a court having jurisdiction to try the offence in the ordinary way'."

Amendment agreed to.

Mr. ST. LAURENT: This is to achieve the purpose we were seeking to achieve by section 29. It has been held by the supreme court that on proceedings of this kind there had to be separate counts and a separate trial on each count. In rendering the decision the supreme court expressed its regrets that it had to decide in that way and said that the only way in which the inconvenience of having to have a separate trial on each count could be overcome would be by an amendment to the code. Section 29 was drawn up to bring this about. The crown prosecutors in Montreal and Toronto and other counsel gave it their consideration and came to the conclusion that the proper way to achieve this object would be in the manner provided by this amendment, and that it should be an amendment to section 827 instead of to section 835. It was felt that the amendment suggested in section 29 of the bill would not be the proper way to achieve the object in view. The purpose of the amendment is to require that in proceedings before a judge without a jury there shall be a charge sheet made up indicating separately the several charges, but that they may all be tried together, that there may be one trial dealing with several charges as can be done in trials upon indictment.

Mr. DIEFENBAKER: The minister mentioned section 835. Is that section intended to apply only to trials before a judge, or does it apply to trials before a judge and jury?

Mr. ST. LAURENT: Trials before a judge and jury are already covered by provisions of the code. It was held by the supreme court that a judge proceeding without a jury could not try more than one charge in one trial and that the provision in the code which states that the provisions relating to jury trials *mutatis mutandis* shall apply to speedy trials were not sufficient to bring in the special provision that more than one count could be included in the indictment and the trial proceeded with on more than one charge at the same time.

Mr. DIEFENBAKER: Section 29 contains the words, "try together any number of charges against an accused." Why should that not be "counts" instead of "charges"?

Mr. ST. LAURENT: The word "count" has technically been appropriated to charges under indictment, and it might be improper to call a charge on a charge sheet, a count.

Amendment agreed to.

Section as amended agreed to.

Section 28 agreed to.

On section 29—Charges tried together.

Mr. ST. LAURENT: Section 29 as it appears here is no longer necessary because provision has been made for this in section 29. But I am suggesting that this section be struck out and a new section substituted.

Mr. JEAN: I move:

Strike out all the words and substitute therefor the following:

"Section eight hundred and thirty-nine of the said act is repealed and the following substituted therefor.

'839. The provisions of part XIX in so far as they are relevant and not inconsistent with the provisions of this part, shall apply *mutatis mutandis* to a formal statement in writing and to a trial under this part'."

Mr. ST. LAURENT: This procedure was indicated to us as being necessary by the crown prosecutors in Toronto and Montreal in order to make the procedure in speedy trials before a judge without a jury similar to that already provided in the code, under part XIX, for trials by jury.

Amendment agreed to.

Section as amended agreed to.

On section 30—Procedure by indictment.

Mr. DIEFENBAKER: What is the nature of the change brought about by this section?

Mr. ST. LAURENT: Sections 30, 31 and 32 restore in Manitoba, at the request of the authorities of that province, juries of twelve men instead of six in criminal cases. In Saskatchewan a jury of six is still substituted for one of twelve. Manitoba now wants to go back to twelve, and this provision is to take Manitoba out of the clause which provides for six jurors instead of twelve.

Mr. DIEFENBAKER: I realize the circumstances under which this change took place. In the year 1935, conditions were rather

difficult in Saskatchewan and every endeavour was made to save costs and expenses. To that end it was desired by the attorney-general of Saskatchewan that the jury be reduced from the normal number of twelve to six. Having practised under both systems—and I know that my view is shared by a great many lawyers in Saskatchewan—I think it is felt that the restoration to the twelve-man system should be considered in that province. The six-man system has resulted in a considerable saving. On the other hand, if one can expect the same degree of justice from a six-man jury as from a twelve-man jury what reason is there why the jury should not be reduced to three or an even lesser number.

Mr. REID: Is it as fair a trial as with a twelve-man jury?

Mr. DIEFENBAKER: Speaking for myself and for other counsel—I know there is a divergence of opinion as between the six-man and the twelve-man jury—I should like to see our province restored to an equality with the other provinces in the matter of the number of jurors. In saying that, I do not want to be considered as saying that a six-man jury arrives at a different verdict from what a twelve-man jury would, but the effect of the judge's charge on a six-man jury is necessarily greater than it would be on a larger jury. While I understand the reason for the change that was made, personally I should like to see restored in our province the jury system as it has been in British countries since time immemorial, and I ask the minister to give consideration to that before the next session.

Mr. MARTIN: Do you have a six-man jury on capital cases in Saskatchewan?

Mr. DIEFENBAKER: Yes.

Mr. GRAHAM: Just to show that there is a difference of opinion in the province on the point touched upon by my learned and hon. friend, I must say that my experience has led me to the other conclusion, that no real value of the jury as an institution has been lost by the reduction in number. In addition, as my hon. friend has pointed out, the change has made for a considerable saving not only in the cost of jury trials but in the time that the local citizens who are called for jury service have to spend on an important duty. As a matter of fact, there has been widespread discussion as to the efficacy of juries in criminal trials. I rather think the attitude taken by my hon. friend is owing to the fact that as a rule he acts for the defence. I have had considerable experience for the crown. While you may get an occasional verdict from a jury that might appear not quite in keeping with a lawyer's technical sense of justice, I am very much in favour of the jury system because it humanizes justice and brings it down to a close and reasonable relationship with the community in which the offence and the trial take place. I do not object to the Minister of Justice taking cognizance of my hon. friend's request, that the restoration of a twelve-man jury be considered, but in order that the minister may not think my hon. friend is speaking for the whole province I submit that the jury of six has considerable value. A jury of twelve citizens is a fairly large group of men to decide questions of fact, and my conclusion—I admit that it is a matter of opinion and I may change mine later—is the opposite of my hon. friend's.

Mr. COLDWELL: I have listened to the two lawyers from Saskatchewan with a great deal of interest, and to my mind the hon. member for Swift Current has given the best argument why the jury should consist of twelve persons. He says that the hon. member for Lake Centre likes a twelve-man jury because he usually acts for the defence, and the hon. member for Swift Current likes the six-man jury because he frequently acts for the prosecution. That seems to me a conclusive argument in favour of a twelve-man jury. After all, when one examines the basis of the system of trial by jury, it was originally established so that a man might be judged by his peers; in other words, it was to give a man a fair trial and an opportunity of real defence. It seems to me that the argument between the two learned counsel is all in favour of the hon. member for Lake Centre, and as one who is not a lawyer but represents perhaps a very large group of people who from time to time fall into the clutches of lawyers—I have yet to have my first experience—I suggest to the minister that consideration be given to the plea made by the hon. member for Lake Centre.

Mr. ST. LAURENT: I can assure the three hon. members who have spoken that consideration will be given to the matter, and that in doing so the attorney general for the province will be requested to express his views and be asked to endeavour to obtain for us the views of the profession and also of the public. The hon. member for Rosetown-Biggar says that he finds in the argument of the hon. member for Swift Current much to support the view of the hon. member for Lake Centre. There probably is something also in the fact that in these days, to get a jury of twelve men, you have to summon a fairly large panel, and in an agricultural province, particularly

at this time when agricultural man-power is needed as it is in Saskatchewan, that is a consideration.

Mr. DIEFENBAKER: What reason did the attorney general of Manitoba give for asking that the twelve-man jury system be restored?

Mr. ST. LAURENT: I think it was that the majority of both the profession and the public, after experience of the six-man jury system, preferred the old, traditional twelve-man jury. But because Manitoba has gone back to the old system does not detract at all from the value of the argument made by my hon. friend. The example may be contagious.

Mr. COLDWELL: Are women excluded from the jury panel, whether it be a jury of twelve or a jury of six?

Mr. ST. LAURENT: I hesitate to give any answer. I am under the impression that the qualifications of jurors are determined by provincial law and that it is the provincial law which determines whether or not only those of the male sex may be jurors. This provision would not make any change in that respect, and I believe that in practice there are provinces where women are qualified as jurors and do sit on panels of jurors.

Mr. DIEFENBAKER: They are not qualified in Saskatchewan under our jury act.

Mr. ST. LAURENT: No, but that is on account of the provincial legislation of Saskatchewan.

Section agreed to.

Sections 31 and 32 agreed to.

On section 33—Evidence on the trial.

Mr. NEILL: I should like to point out to the committee that here is the same thing we were speaking of earlier. It is made prima facie evidence that a house, room or place is a common gaming house if it has any means or contrivance for "announcing or displaying the results of any horse race". A radio does that. Can you convict a man of having a gaming house because he has a radio on his premises? The radio may be in a cigar store or a club. Why are the makers of this legislation so deadly down upon these people who "display" or "announce"? Every time I go to bed at night I hear the radio tell us what the baseball results are and so on. Should it be a criminal offence to have a radio?

Mr. ST. LAURENT: It is easier for me to answer the next to the last question of my hon. friend than to deal with his first objection: why have these provisions been inserted in the bill? It is on account of the situation which was described earlier in the day by the hon. member for Vancouver South. There are cities in Canada where, according to information which comes to us from reliable sources, rackets are being exploited, and the reason for tightening up was to comply with suggestions from the attorneys general of the provinces in which those cities are located that there was a growing evil to be curbed. I certainly would not like to be responsible for introducing into this house any legislation which would make any premises where there is a radio a gaming house or susceptible of being declared a gaming house, even prima facie. It shifts the onus, and it is confined to horse races taking place in Canada or elsewhere.

Mr. MARTIN: It goes after publication. That is the intent of this.

Mr. ST. LAURENT: No; it was intended to deal with these places where they have boards and teletypes to display at once the entries of the contestants into races, the odds that are being quoted on them, the past performances, the selections of those who claim to have some knowledge of horseflesh, and the tips which have been given for the purpose of placing bets. That is what it is intended to aim at.

Mr. REID: They are not forecasting races; they are just announcing results, and yet they come under the section.

Mr. MARTIN: Would the minister misunderstand me if I suggest that he is very well informed on the matter?

Mr. ST. LAURENT: I have received many representations, and my information is really second-hand. I am not boasting about it. It is quite possible that, with what was done in section 7, this would not be necessary, and I fear it might be open to the objection that it is drawn in language which goes too far. The hon. member for Comox-Alberni has rather frightened me off the text as it appears here. There might be in many innocent places apparatus that could be used for announcing or displaying the result of a horse race, and I would not want to make the section so drastic as not to be susceptible of proper application. I would be disposed to ask the committee for leave to withdraw this section and reconsider it, and draw it up for another session in language which will not be open to the criticism made by the hon. member for Comox-Alberni.

Section withdrawn.

Section 34 agreed to.

On section 35—Procedure on appeals. Shorthand notes of proceedings and evidence.

Mr. DIEFENBAKER: I should like to ask the minister what was the recommendation which was made by the attorney general of Saskatchewan in this regard. I cannot understand how a judge without having a transcript of the evidence would be able to determine whether the court should have the transcript of evidence before it at the hearing of the appeal. As a matter of fact it is not a costly proceeding to have a transcript of the evidence.

Mr. ST. LAURENT: It is in some localities.

Mr. DIEFENBAKER: That is, in so far as Saskatchewan is concerned. The court reporters are available. Provision is made for transcription, under another section, at, I believe, five cents a folio. I point out this, too, that in the western provinces, in fact in all the provinces, it would be necessary for counsel for an accused to be present on the occasion when the question was decided whether a transcript would or would not be necessary, and to be present again at the hearing of the appeal—which is adding materially to the costs of appeal. Personally I feel that consideration should be given to an automatic appeal, particularly against sentence where the sentence is over two years in the penitentiary, in order to assure of appeal poor persons who to-day are often denied the opportunity for appeal. Of course they have an opportunity of doing so by themselves signing a notice, but a case which is argued without the presence of counsel does not fully place before the court the points in issue in the case, and anything which can be done to keep the cost down as far as an appellant is concerned should be done.

On the one ground alone, namely, that it will mean that counsel for the accused will have to be present on two occasions, that is either by himself or by his agent, I am opposed to this amendment.

Mr. ST. LAURENT: This was designed to diminish costs of appeal and to facilitate appeals to convicted persons. I do not know what the situation is in Saskatchewan. In my own province of Quebec, the accused, unless he gets an order from the court to have the transcription made at the cost of the crown because of his indigency, is required to pay for the transcription of the evidence, and it sometimes happens that the appeal is based upon questions of law which do not require for their decision the evidence taken at the trial.

In the province of Quebec hearings of appeals are frequently delayed a considerable time to have the notes transcribed, and after they are transcribed the appeal turns upon matters with respect to which the transcript is of no assistance. At the present time, if the appeal is by the convicted person, he either has to pay for the transcription or get an order from the court, upon cause being shown, that the evidence be transcribed at the cost of the government because he is unable to pay for it. The suggestion was that if it appear to the judge of the court appealed to, on the papers submitted, that the case could probably be decided without having to refer to the evidence, he might dispense with the necessity of having the notes transcribed. They are not automatically transcribed, at least in our province, and I know from having been present in court that frequently applications are made to the court for an order that the transcription be made at the cost of the government on account of the indigent circumstances of the convicted person. I think appeals will be facilitated. When the crown appeals the crown is not prevented from going on because of the cost of having the notes transcribed, so that it is designed to be helpful to the convicted person in making it easier for him to get before an appeal court if he has a point of law upon which he relies and which does not require the consideration of evidence.

Section agreed to.

Sections 36 and 37 agreed to.

On section 38—Coming into force of certain sections.

Mr. ST. LAURENT: I move that this section be amended by striking out the words "thirty, thirty-one and thirty-two" and substituting therefor "seventeen, twenty, twenty-nine, thirty and thirty-one." Seventeen and twenty are with respect to Nova Scotia and Manitoba, and the attorneys-general of those two provinces have asked that the date of coming into force be the first of August.

Mr. STIRLING: Is the minister right in saying "seventeen"?

Mr. ST. LAURENT: Seventeen renumbered. It was eighteen in the printed bill.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

UNEMPLOYMENT INSURANCE ACT

EXTENSION OF PROVISIONS TO EMPLOYEES IN RECEIPT OF UP TO $2,400 A YEAR

Hon. HUMPHREY MITCHELL (Minister of Labour) moved the second reading of bill No. 136, to amend the Unemployment Insurance Act, 1940.

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

On section 1—Designated officers may administer oaths.

Mr. MARTIN: I promised yesterday that I would give the committee some information which I was not able to give then. The hon. member for Saint John-Albert asked how the figure of $93,871,960.55, representing employer and employee contributions, was divided. It is divided as follows: employer contributions, $44,861,409.95; employee contributions, $49,010,550.60.

Mr. BLACK (Cumberland): Are there any changes in the Unemployment Insurance Act applicable to the lumber industry in Nova Scotia? When this legislation was first enacted there was an understanding that it would not apply to the lumber industry in eastern Canada. It did apply to all or part of the industry on the Pacific coast, inasmuch as the industry there was on a year-round basis. I have received a number of complaints, some quite recently, that the unemployment insurance commission are gradually extending their scope, and to some extent involving the lumber industry of eastern Canada in Nova Scotia. For instance, lumber mills doing custom sawing are being brought under this act, while lumber mills employing the same class of labour, which changes a great deal in my part of the country, do not come under the act if the operator is sawing only his own lumber. But if he saws custom lumber he comes under the act. As I understand it, those operators were exempted when this bill was enacted and first administered.

There has also been an enlargement of the scope of the act, as it applies to the operating of motor trucks in eastern Canada. In some cases lumber operators who had trucks of their own are being compelled to come under the act, against their understanding and their wishes, and against the wishes of operators of the trucks. In other cases trucks which are hauling lumber, but which are not employed directly by the operator, do not come under the act. What is the ruling of the department with respect to these two complaints? Are there any changes in the act affecting its application to the lumber industry in eastern Canada?

Mr. MITCHELL: Under the act the commission has power to bring other industries in when, in its judgment, it is practicable to do so. The lumber industry, generally, does not come within the jurisdiction of the act; that is, the cutting of the logs in the woods. But the sawmills and planing mills do, because it is considered their operations are more or less continuous. The regulations laid down state that if they operate seven out of twelve months they come within the jurisdiction of the act. I believe the formula which has been laid down is seven months out of the twelve.

Mr. BLACK (Cumberland): Is that the arbitrary decision of the commission, or was the industry consulted? Has the commission obtained the approval of the operators? It certainly was understood that they would not come under the act, and this means an arbitrary discrimination between one operation and another. A man might be working right alongside another man, and it is creating an adverse feeling against the administration of the act.

Mr. MITCHELL: This decision was taken after consultation with employees and employers in the industry. The cure is to take them all in. Speaking personally, I would say that if they all came in, it would be to the advantage of the industry, and of the employees concerned. These decisions are not made until after consultation with the industry.

Mr. BLACK (Cumberland): A great many of these workmen are transients. Quite a number are men who operate farms, and who go into the lumber woods for only a few months in the fall and winter. Many of them cut their own lumber off their own property or their own woodlots. It is making a discrimination between one operator and another. I doubt very much whether the lumbermen's association in the maritime provinces have given their approval to this. The minister states that they have been consulted, and that they have given their consent or approval. However, that is not the information I have, up to now.

Mr. GRAYDON: Do I understand that if the section carries it will include the acceptance of section 11A? What is the underlying reason for this change in connection with the administration of the department? I see nothing in the original act dealing with this matter. I presume this is in addition to section 11, where the cost of administration

is set out. I would understand that this is just a matter of facilitating the work of the department.

Mr. MITCHELL: It is to save the money of the applicants. The same type of section appears in the Excise Act, where affidavits can be taken.

Mr. GRAYDON: It is within the scope of the work of the department?

Mr. MITCHELL: Yes.

Section agreed to.

On section 2—Contributions for periods other than weeks.

Mr. GRAYDON: What is the reason for this amendment?

Mr. MITCHELL: The present section permits the commission to prescribe contribution rates for periods greater than a week, but for administrative convenience it is desired to have the power to prescribe contribution rates for periods less than a week, the rates to be substantially equivalent to those set out in the first schedule to the act. By this means the difficulty of dealing with fractions of cents will be to a large measure obviated. This will be of assistance in publishing, for the use of employers, contribution tables which will show clearly the proper amounts of contributions and deductions and will greatly assist the employer in his bookkeeping records.

Mr. GRAYDON: It is a matter of administration. Has it been asked for by employers?

Mr. MITCHELL: Yes.

Mr. GRAYDON: Does this meet the wishes of employees?

Mr. MITCHELL: Yes.

Section agreed to.

On section 3—Person in control of employees an employer.

Mr. GRAYDON: What is the explanation of this?

Mr. MITCHELL: The idea behind this is that the main contractor is responsible for the subcontractors. He is responsible for contributions by employers under the act. For instance, in the building trades we find main contractors and a number of subcontractors. Also in factory work we would find a main contractor and a number of subcontractors. This makes the main contractor responsible for the contribution.

Mr. GRAYDON: Prior to this, I suppose a subcontractor might, to use a vulgar expression, go broke, without a contribution having been made. In those circumstances a workman would find himself unable to collect, or at least in a position where the contribution would not be paid. No one having made the contribution, of course, he would not be entitled to any benefits. This, then, places the responsibility upon the main contractor as well as the subcontractor, I take it, because they are both concerned with the transaction.

Mr. MITCHELL: Yes.

Mr. HAZEN: Does it apply to other than a contractor and subcontractor? It seems to me the wording is much broader than that, and I wondered to what other cases it might apply. If it applies only to contractors and subcontractors, why were not those words used, instead of the language in the section?

Mr. MITCHELL: It would also take in a branch of a chain store, for instance, or one of a chain of banks, or anything like that. It makes the main organization responsible for the contribution.

Mr. GRAYDON: That was not a very happy illustration, because the headquarters of a chain of stores is always responsible. I fancy the minister really had in mind a sort of combination of independent stores joined together in some way. Perhaps one of these independent stores might not be able to make the contribution, and now the liability is assessed also against the main organization.

Mr. MITCHELL: Yes.

Mr. BLACK (Cumberland): I should like some further explanation from the minister as to how this act applies to the transportation of lumber by motor truck. Would that come under this or some other section? As I said a few moments ago, I understand the scope of the act has been enlarged, so that it now applies to a lumber operator who has trucks of his own, but that it does not apply to an independent truckman, say an individual with one or two trucks, though they are doing the same class of work and each is in competition with the other.

Mr. MITCHELL: From the bush to the mill the act does not apply, but it does apply from the mill to the railway.

Mr. BLACK (Cumberland): Would it apply to every truck that hauls lumber, or would there be any differentiation between a truck operated by an individual and a truck operated by a lumberman?

Mr. MITCHELL: If the truck is operated by the owner, it does not apply. If the truck is operated by employees, it does apply.

Section agreed to.

Sections 4 to 9 inclusive agreed to.

On section 10—Insurance officer may declare claimant disqualified from benefit.

Mr. MacINNIS: Will the minister explain the effect of this amendment, and have the regulations under which the commission may disqualify a person from benefits been drawn up and published? I think this is giving too much power to the commission, or to an officer pursuant to the regulations of the commission,. unless there are general safeguards through appeals from such rulings.

Mr. MITCHELL: There are appeals to the referees.

Mr. MARTIN: The procedure covered by the proposed amendment is based pretty much upon the English practice. The proviso to the present section 56 definitely limits the power of an insurance officer to disallow a claim for benefit or to disqualify a claimant. This results in a rather cumbersome and slow procedure, and the amendment proposed is designed to give the commission power by regulation to extend the power of the insurance officer to disallow and disqualify. This disallowance or disqualification by the insurance officer will be subject to the provisions of section 57 of the act, which gives the claimant the right of appeal to a court of referees. The amendment does not therefore cut down the right of the claimant but should expedite the adjudication of his claim. If the circumstances so require, the insurance officer may disallow the claim or disqualify the claimant, notifying him at once as to his right of appeal. There are many cases where it is amply evident to the insurance officer that the claimant is not qualified, as for example where his state of health makes it evident that he is not capable of taking employment. Under the present provisions the insurance officer may not disqualify a claimant under such circumstances, though it may be perfectly plain that the claim will without doubt be disallowed by the court of referees.

The suggested amendment would assist the claimant in knowing at the earliest date possible, and not fooling him, as sometimes happens, what disposition is to be made of his claim, and if he wishes he may appeal that decision to the court of referees. The situation now is that an applicant because the officer has no power to deal with the matter, may be led to believe that he may qualify, when in many instances it is obvious that he cannot. From the point of view my hon. friend has suggested, however, there is the right of appeal; the man is notified of that right, and his appeal goes to the referees.

Mr. MacINNIS: I am sorry we have not this act before us in printed form, so that we might compare it with these amendments. We are placed at a disadvantage in trying to give careful consideration to these sections. I think the parliamentary assistant to the minister will understand that any regulations which disqualify a beneficiary from insurance put that much more burden of proof on the individual, who is not accustomed to going through all this procedure in order to find out his position. He has made contributions and he feels that he is entitled to benefits if he becomes unemployed. My only concern is that this amendment shall not increase the number of hurdles the claimant has to surmount before he can get his insurance.

Mr. MARTIN: This really simplifies it. I realize that my hon. friend is handicapped in this matter, and I should have provided him with full information, but the fact is that this really helps the man he has in mind. Formerly he might be led to believe that he would qualify, and he might have to wait a long time before ascertaining the true position. Now he is told by an officer, and he does not lose any of his rights at all. I think my hon. friend may feel that this is intended to simplify and help rather than hinder.

Section agreed to.

On section 11—Insurability decided by commission.

Mr. GRAYDON: Could the minister give us some information as to why this addition is being made. It reads:

> If any question arises as to whether a person was or was not employed in an accepted employment, that question shall be decided by the commission under the provisions of section forty-six of this act.

Mr. MITCHELL: Under the original act there was some doubt as to the coverage. The commission is to have exclusive jurisdiction over coverage.

Mr. HAZEN: Is there an appeal from the commission?

Mr. MARTIN: Yes, to the board of referees.

Section agreed to.

On section 12—Penalty for contravention or non-compliance.

Mr. GRAYDON: Could we have some explanation of this section?

Mr. MARTIN: As my hon. friend knows, under the criminal code, an information must be laid with regard to each charge. An employer may be guilty—I have one case—of eighty minor offences in connection with the operation of the law, and that would require the serving of eighty separate processes. This particular amendment will permit the consolidation into one.

Section agreed to.

On section 13—Additional investigations.

Mr. GREEN: Is this the section which will give the governor in council power to include the British Columbia logging industry?

Mr. MITCHELL: There are some words being deleted from the first section. These words were a mistake in the drafting of the original legislation. If my hon. friend wishes to talk about logging under this section, I shall be glad to have him do so.

Mr. GREEN: Yesterday as reported on page 4936 of *Hansard,* I asked the parliamentary assistant whether or not the logging industry in British Columbia was to be placed under the act, and he replied that there would be a section in the bill which would give the governor in council the power to include this industry.

Mr. MITCHELL: This is the section.

Mr. GREEN: Will the minister make a statement about that?

Mr. MITCHELL: I can only say that the matter is under investigation by the commission, in consultation with the interested parties. No decision has been arrived at by the commission with respect to the inclusion of the logging industry in British Columbia. The view taken by the commission is that as soon as it becomes administratively possible to bring them within the provisions of the act, it will be done.

Mr. GREEN: The parliamentary assistant said:

> An interim report—it is more than an interim report, but that is the best way to describe it—has been received. Just as soon as it becomes administratively possible they will be included.

Was the parliamentary assistant correct?

Mr. MITCHELL: That is absolutely correct.

Mr. GREEN: They are to be included?

Mr. MITCHELL: Yes.

[Mr. Martin.]

Mr. MacINNIS: Has any employment which was excepted from the provisions of the act in 1940 since been taken in under the act?

Mr. MITCHELL: No excepted employments have been included.

Mr. GRAYDON: I can recall that when the act was being considered in 1940 many interesting suggestions were made to the government in connection with excepted employments, and the reply was that consideration would be given by the commission to their inclusion. If my memory is correct, when that legislation was before the committee the commission was given power to review certain excepted employments and I believe the list of excepted employments was fairly lengthy. I am surprised to hear that none of these excepted employments has been included. I am inclined to think that on that occasion the bill went through the committee perhaps more quickly because an undertaking was given—perhaps it was not expressed, but it came very close to being implied—that some of these excepted employments would be included later on. It is quite true that the government may say that this is a question entirely for the commission, but I am still surprised to learn that none of these employments has been included. Can the minister tell us how many have been reviewed by the commission?

Mr. MITCHELL: Under the original act the commission had no power to include them, although they had power to review.

Mr. GRAYDON: Somebody had the power.

Mr. MITCHELL: They did not. That is the strange thing. This amendment is to give the commission, not only the power to review and investigate, but to extend the coverage of the act.

Mr. GRAYDON: It may be that the commission did not have power to include them, but they did have power to review and recommend. I should like to know how many have been reviewed by the commission and how many have been recommended for inclusion in the act.

Mr. MITCHELL: They may have investigated some, but since I have been minister they have not recommended any to me. Subsection 2 gives the commission power to extend the coverage of the act to those employments of which my hon. friend speaks.

Mr. GRAYDON: In other words, this amendment actually gives the governor in council legislative power with respect to this particular

matter, but of course under the War Measures Act the governor in council could do it anyway.

Section agreed to.

On section 14—Travelling expenses.

Mr. MITCHELL: This is to provide for the travelling expenses of the local committees. At the present time the act merely provides for the payment of the expenses of the national committee.

Section agreed to.

On secton 15—Regulations.

Mr. GRAYDON: These amendments are rather important from the point of view of the employee and the employer, and I wonder if the minister could give an explanation of the change in these regulations.

Mr. MARTIN: The explanatory note is fairly complete, but I can add to it. The act does not at present provide for a means of determining the contribution payable where a worker is paid on a basis other than straight salary, wages or commission. For example, where an employer is paying wages and board and room there is no method of determining the contribution payable. This will authorize a method of determining the amount payable under those circumstances.

Mr. GRAYDON: You determine a certain amount for board and room?

Mr. MARTIN: That is it.

Section agreed to.

On section 16—Special order may be varied or revoked.

Mr. MITCHELL: Under the act the commission has power to make orders or give directions, but has no power to revoke them. This gives them the necessary power.

Section agreed to.

On section 17—Annual report by commission.

Mr. MITCHELL: This extends for one further month the time in which the annual report may be made. The financial year ends in March.

Mr. GRAYDON: Is this in line with general governmental policy with regard to making annual reports?

Mr. MITCHELL: Yes.

Section agreed to.

On section 18—Failure to keep records or make returns an offence.

Mr. MITCHELL: This section is to take care of the delinquent employer who does not keep proper books. It gives the commission power to go in and institute a bookkeeping system so that the employer may comply with the act.

Mr. GRAYDON: Section 97 of the 1940 act provides:

> The commission may require any person to make written returns of information deemed by the commission to be necessary for the purposes of this act.

Then it goes on to provide penalties for failure to comply. Has the commission found in its administration of the act that this power is required?

Mr. MITCHELL: Yes. They have found that some employers are not keeping timesheets and proper books. This section is taken from the Excise Act and gives the commission power to see that the necessary books and records are kept to comply with the law.

Mr. GRAYDON: I think that legislators will have some large degree of sympathy with people in business to-day. Most of us who have friends in business realize that a large part of their time to-day is taken up with keeping records for the government, and this, I suppose, is just an extension of the privilege, if I may call it so, accorded to employers generally to take some further share in carrying the burdens of the country. There are a great many people, particularly working people, who rightly or wrongly regard the unemployment insurance contribution as an extra tax, and in a sense I suppose that is true. If the minister, who has been fairly close to labour, talks to the average working man, he will know that is how he feels. He sees deductions from his pay envelope for instalments on victory bonds, war saving certificates, income tax, unemployment insurance and perhaps other deductions, and he lumps them all together and says: Look here, I am getting less than I did before. That brings to my mind the situation from the point of view of the employer, who has to keep all these books and records and accounts. It seems obvious that more attention will have to be paid in our educational system to the study of bookkeeping because, if a man does not know how to keep a set of books—I confess that is one of my own weaknesses—he is in danger to-day not only of losing his business but of being consigned to gaol. I point that out as one of the risks people in business are running to-day.

Mr. MITCHELL: If I might answer in the same vein, once the platform adopted by my hon. friend's friends at Winnipeg is implemented there will be a great deal more bookkeeping to do. I agree in a way with what my hon. friend says. There are three great fears in the life of the average working man and working woman—the fear of destitution in old age, the fear of destitution through sickness, and the fear of destitution through unemployment.

Mr. JACKMAN: Why confine it to the working man?

Mr. GRAYDON: And the fear of being appointed to the senate!

Mr. MITCHELL: Perhaps when the Minister of Finance is through with us we shall all be in the same category. It is a question of organization to provide protection against these three great fears of the working man. I am a comparatively young man and I hope to live to see the day when this will be accomplished. Of course, it implies bookkeeping. This amendment is to regularize the bookkeeping of the employer. What my hon. friend says about the employer is true so long as he is on the paying end, but he does not complain when he is on the receiving end. Proper records must be kept to ensure that the benefits are due in conformity with the law.

Mr. ISNOR: I am not quite sure what the minister meant by saying it is just a question of organization. The unemployment insurance machinery must be pretty well set up to-day. The system is fairly simple. The employee has a check against the employer, and the commission has a check against the books in which the stamps are placed. What further books is it necessary for an employer to keep? If the minister has any particular type of book in mind or a certain form to be looked after by the employer, I wish he would outline it. But I would point out that the book in which the stamps are pasted is a check in itself. The employer is obliged to put the employee's book before the employee at least once a month. There you have a check by the employee against the employer. The employee can see the value of the stamps that are going in his book, and that also furnishes a check for the unemployment insurance commission on the employer. In view of that, I am wondering if there is any need of putting a further burden on the employer by compelling him to keep another set of books.

Mr. MITCHELL: My hon. friend who is an employer keeps, I take it, fairly accurate books, but many other employers do not. Some carry their office records in their inside pocket.

Mr. ISNOR: You still have your own check.

Mr. MITCHELL: My hon. friend says that the book is a check. That is not a check. Our inspectors come along and find that an employee has left a certain employer, gone to another employer and taken his book with him. We want a record of how long he worked for his previous employer and whether he made the necessary contributions to the fund.

Mr. ISNOR: It is absolutely necessary for the employer to keep a correct record of his employment of every individual, because it is necessary for him to make a return to the income tax office.

Mr. EDWARDS: This section states:

> The commission may require any person to keep such books, records and accounts as the commission may direct and may require any person to make written returns of information. . . .

To whom?

Mr. MITCHELL: To the commission.

Mr. EDWARDS: If it is rendered only to the commission, how about the employee? I had a communication only two or three weeks ago from the father of an employee who, as I recall it, was unable to obtain from the employer how much or on what basis the deduction was made from the employee's pay envelope at the end of each fortnight, in this connection, and upon requesting the information he was told by the employer that he did not have the time to be bothered. That puts this employee in an embarrassing position. Presumably, if she did not care to carry on without getting the information which every honest employer should have been ready, able and willing to have given, she could just quit. It seems to me that no employee should be put in that position. If the employer is under this act authorized and required to make deductions, there should be some obligation on the part of the employer to provide that employee with a statement if necessary, or make his books available to the employees, so that he or she will know as a matter of right how much has been deducted from the pay envelope or cheque, and the basis of it. It is for that reason I think the section might very well be amplified so as to provide that the employee will be entitled to receive that information at reasonable times—once every month or two months, or as the period of employment may be. I for one am sorry the section is not amplified in that way. I do not think any employee should be put in the invidious

position of having to go and beg to obtain information which ought to be his or hers as a matter of right.

Mr. MITCHELL: I was going to give an extemporaneous reply in a couple of words to my hon. friend, but perhaps I had better read the section of the regulation dealing with the question raised:

22. (1) Every employer shall from time to time upon request give each insured person in his employ an opportunity of inspecting his insurance book or contribution record as long as it is in the custody of the employer, but no insured person shall be entitled to inspect his insurance book or contribution record more than twice in any month, nor except at such reasonable times, either within or before or after the insured person's working hours, as may be fixed by his employer for the purpose.

That answers, I think, my hon. friend's question.

Mr. EDWARDS: What is the penalty?

Mr. MITCHELL: I am coming to that:

(2) Every employer who fails to give any insured person in his employ such an opportunity of inspecting his insurance book or contribution record shall be guilty of a contravention of these regulations.

I will get the penalty looked up for my hon. friend.

Mr. MacINNIS: What I am going to say now is prompted by a remark made by the leader of the opposition. He said that a contribution under the Unemployment Insurance Act is looked upon by many workers as another tax. Probably that is so, but I think anybody who has anything to do with this matter should avoid giving a worker the impression that he is paying another tax. As a matter of fact, he is paying insurance in the same way as he would pay fire insurance on his house, insurance on his automobile, sickness insurance, or any other insurance he takes out. It should be pointed out to him, too, that every cent which goes into the insurance —his contribution, the employer's contribution and the government's contribution—goes in benefits to the insured.

The worker will get, generally speaking, whatever impression of this act that people from the sources from which he gets his information are going to give him, and it is of the utmost importance that he should have a proper understanding of the social value of the Unemployment Insurance Act.

When I returned to Vancouver following the session of 1940 I found many members of trades unions were objecting to the act. I was asked on several occasions to meet with the unions and go over the provisions of the act, with them, and in every case after I had done that there was general satisfaction with the act. I believe that all hon. members—and I am not saying that the leader of the opposition is not doing this—should take every opportunity of explaining the act in its proper aspect to those whom it concerns.

Section agreed to.

On section 19—Amendment of first schedule.

Mr. MITCHELL: We have been advised by the Department of Justice that we have not the power under the act to insure employees of the British government and other governments in Canada. My hon. friend probably knows that they run into some thousands. This gives the power to the British and other governments to place within the jurisdiction of the act their employees in the dominion. I have in mind more particularly what I think is called the United Kingdom inspection board, which has over 10,000 employees.

Section agreed to.

Section 20 agreed to.

On section 21—Part II of first schedule, substituted paragraph (1).

Mr. JACKMAN: Would the minister be good enough to explain exactly what is meant by this section? In particular, does it, as the information on the right-hand side of the page would seem to indicate, mean that the civil service of Canada is now to come under the Unemployment Insurance Act?

Mr. MITCHELL: No; this section provides that public utilities shall come within the provisions of the act. Let me give an example: In the city of Winnipeg, where there is a private power company and a publicly owned power company, the private power company comes within the provisions of the act and the public company does not. This regularizes it; it places all public utilities within the provisions of the Unemployment Insurance Act, with the exception, which still exists, of provincial and municipal employees, such as—these come to my mind at the moment—employees of water works, sewerage works and that sort of thing.

Mr. JACKMAN: The question comes up then as to what is a public utility. Would the minister throw some light on the situation in the city of Toronto, for instance, where there is a municipally-owned hydro electric system? Would the employees of that system now come under the Unemployment Insurance Act? And what of the employees of the hydro electric system, which

is the supplier of wholesale power to the various municipalities; do those employees now come under the Unemployment Insurance Act? Furthermore, has the Department of Labour received an opinion from the Department of Justice as to whether it has the constitutional right to tax them?

Mr. MITCHELL: I think the best definition occurs in the section itself, on page 8 of the bill:

(i) "public utility" includes any gas, electric, heat, light, or power works, telephone lines, transportation system, and works for the transmission of gas or electrical power or energy and such other works, lines or systems as may be declared by special order of the commission to be public utilities for the purposes of this paragraph.

(ii) employment in connection with a public utility includes the employment of all employees whose employment is considered by the commission to be reasonably necessary or incidental to the operation thereof.

So that it places the power within the jurisdiction of the commission, as I read it from that amendment, to decide whether the undertakings to which my hon. friend has referred come within the jurisdiction of the act.

Mr. JACKMAN: What I am asking for is an interpretation of the words, which, if I may suggest, I can also read for myself. I cannot interpret them, however, unless I know exactly what is in the minister's mind. All that the minister has said to me is that the committee which will have to interpret it will be able to interpret it as it likes. But there are other matters to be considered: for example, the question whether there is the constitutional power to do it. I do not understand this small paragraph under section 21 in the explanatory notes:

(i) In the public service of Canada under the provisions of the Civil Service Act.

Subparagraph (i), according to the explanatory notes, making employment in the public service of Canada under the provisions of the Civil Service Act an excepted employment, is repealed and is not reenacted. It might be taken from that that the civil service will now come under the Unemployment Insurance Act. I think we should have something more definite than that.

Mr. MITCHELL: The important part of the act is on the other side.

Mr. JACKMAN: The left-hand side?

Mr. MITCHELL: Yes.

Mr. JACKMAN: That is the enacting side. The other is explanatory.

[Mr. Jackman.]

Mr. STIRLING: It includes the Civil Service Act.

Mr. MARTIN: That should not be underlined. It is obviously a mistake.

Mr. STIRLING: That is what it says here. Reading from subsection 1, and deleting the proviso "other than" we have:

Employment . . . in the public service of Canada . . . upon certification satisfactory to the commission that the employment is . . .

And so on.

Mr. MITCHELL: That is the old act.

Mr. STIRLING: It is the new act.

Mr. MITCHELL: No; the new act is on page 8.

Mr. STIRLING: But I am reading from page 8, section 21, referring to subsection 1. I was leaving out the words beginning "other than," which are a proviso. With that omission it reads:

Employment . . . in the public service . . . upon certification satisfactory to the commission.

Mr. MITCHELL: If the hon. member wants an interpretation, I will give it as it is drafted in my notes, and I will stay with that. I do not care about that; I am staying with my notes.

Mr. HAZEN: We have to get back to paragraph 2 of the first schedule and see what it says, and then read from there down. That may explain it.

Mr. MacINNIS: The words, "in the public service of Canada under the provisions of the Civil Service Act," have been repealed or deleted—

Mr. MITCHELL: No.

Mr. MacINNIS: —and the following is substituted:

Employment other than employment in connection with a public utility, in the public service of Canada or of a province or by a municipal authority, upon certification satisfactory to the commission that the employment is, having regard to the normal practice of the employment, permanent in character.

In paragraph (i), on the right-hand page, under section 21, the Civil Service Act is mentioned, but "in the public service of Canada" is included.

Mr. HAZEN: I have here schedule 1, part II and that is headed "excepted employments" and it gives a list of such employments. You get down to paragraph (l) and the amendment is to paragraph (l).

Mr. MITCHELL: Exactly.

Mr. STIRLING: Is the civil service of Canada within this?

Mr. MITCHELL: No.

Mr. STIRLING: It says it is here.

Mr. JACKMAN: The minister did not say whether or not an opinion of the Department of Justice had been obtained.

Mr. MITCHELL: You need not take an opinion of the Department of Justice; I am telling you it is not.

Mr. MARTIN: The hon. member for Yale has not the act before him. I will put this on the record. Look at page 39 of the Unemployment Insurance Act, a copy of which I will see that he gets. Under part II there are certain excepted employments, and when it comes to paragraph (l) among the excepted employments you find the words "in the public service of Canada". The reason for the difficulty is that the preceding excepted employments are not listed in the explanatory notes. That causes confusion.

Section agreed to.

On section 22—Proviso.

Mr. KINLEY: This is an important section.

Mr. MITCHELL: This raises the maximum from $2,000 to $2,400.

Mr. KINLEY: How do you arrive at the figure?

Mr. MITCHELL: It is the recommendation of the advisory committee. I gave a long explanation when the resolution was before the house. If my hon. friend wishes me to repeat it I will.

Mr. KINLEY: Does the minister think it covers the conditions? I do not think it does.

Mr. MacINNIS: I am under the impression that this increase from $2,000 to $2,400 is not enough. I say that from conversations I have had with workers. They would like to have the amount raised above $2,400. Has the minister sought the opinion of the workers engaged in the industries and ascertained that this is generally satisfactory?

Mr. MITCHELL: I expressed the same opinion as my hon. friend does when the question was in the resolution stage. After public hearings by the advisory committee, composed of employers and employees—and I think it may be fairly stated that those who gave evidence before that committee were about as good a cross-section of organized employers and employees as one could find in the dominion—it was agreed by the committee that the ceiling should be raised from $2,000 to $2,400. This, of course, covers only what one might call the white-collar class. There is no ceiling on the weekly-paid employees and piece-paid employees. While at some later date it may be necessary to raise the ceiling to $3,000, my hon. friend can rest assured that if a recommendation in those terms should come from the committee, it would certainly receive the favourable consideration of the government.

Mr. KINLEY: That is the point. The ceiling for labour is not $2,400. It is for what the minister calls the white-collar class. Why should there be that difference?

Mr. MITCHELL: That is easily explained. Under war conditions, with overtime and cost of living bonus, the original calculations have been more or less thrown out of balance, and unless an amendment of this kind is made it is fair to assume that there will be thousands of workers who, when the act was originally passed, were under its jurisdiction, who would be forced out of its provisions. An amendment of this kind is therefore necessary. It may be in the course of the next year we may have to fall in line with the suggestion of the hon. member for Vancouver East. We cannot tell. But I think that it is absolutely necessary, that it is in the best interests of the working people themselves and also that it is good government policy that as many as possible should be brought within the jurisdiction of this legislation. Where we have what might be described as a wage structure on the upgrade, every effort should be made not only to maintain but possibly to increase the coverage, so that when war is concluded there will be at least one cushion to take care of any possible dislocation which may take place in the industrial or commercial set-up of our country.

Mr. KINLEY: The minister has said he thinks as many as possible should be brought under the coverage of the act. I quite agree, but I have two men working in my plant, one holding a clerical position and the other running a machine. The man who runs the machine at an hourly rate does not come under any ceiling. The man who works in the clerical position has a ceiling of $2,400. I do not see why there should be that difference. They should all come under it, and the coverage should be on all employees. Then, as the minister has said, that coverage should be as large as possible.

Mr. MacINNIS: My memory is that in 1940 when we were discussing the act I had

communications from the typographical unions in Vancouver and Victoria stating that they wanted the maximum to be declared at $2,500. I believe the Victoria communication set the figure at $3,000. The higher paid workers in the typographical union have been excluded, because of the ceiling.

Mr. MITCHELL: This was the most contentious point which came before the committee. After considerable discussion among the parties this was the figure agreed upon. When the workers and employers are in agreement, as they were in this instance, I am always loath to go counter to their advice. If my memory serves me correctly, I received representations stating that the maximum should be $4,800 a year, and I am inclined to agree with that. I do not know why I should not be included within the provisions of the act, or why all other hon. members should not —looking forward to the next general election. But, be that as it may, I followed out what I thought was sound advice given to me by this committee, after mature consideration of all the factors involved in the briefs submitted by employee and employer organizations.

Mr. KINLEY: There is only one good reason I can see why a clerk, for instance, should have a ceiling, namely, that perhaps he has better continuity of employment than the man in the workshop. But there are many people in Canada employed in big organizations, such as banks, who never want to come under it at all. They are what might be described as white-collar men, and they are getting clear. It seems to me that this is leaving out a class. People who say they have no hazards do not want to come in at all. One pays insurance, and hopes he will never benefit from it. That is the state of mind in which insurance is paid. If interests are to be pooled, then people who do not have hazards should be pooled with those who do have hazards, because the people who have the hazards are necessary to the community. I cannot understand this difference, and I do not think it should be there.

Mr. REID: What classes have been taken in under the unemployment insurance scheme since the measure passed the house? Have any classes been taken in which were exempt at the time the bill was passed?

Mr. MITCHELL: No, none.

Section agreed to.

Sections 23 and 24 agreed to.

On section 25—Daily rate.

[Mr. MacInnis.]

Mr. KNOWLES: I should like to ask two questions, the first of which has reference to line 7 in the tables on page 10 of the bill. That line reads, "earning $26 or more in a week." I understand that in the table as it stood before the amendment was proposed it read, "earning $26, but less than $38.50 per week." I believe $38.50 represents the former $2,000 ceiling.

Mr. MARTIN: The ceiling has been raised.

Mr. KNOWLES: Since the ceiling has been raised, why is it not still necessary to give that ceiling in this line, in terms of so much per week? Line 7 as it now reads implies that there is no ceiling. It might suit our purposes fine, but I believe it does not leave the proper impression.

Mr. MARTIN: The ceiling is provided for in section 22 of the act for a certain definite classification.

Mr. KNOWLES: The previous ceiling of $2,000 was then provided in the act. Yet it was thought necessary to interpret that ceiling in line 7 as $38.50 a week.

Mr. MARTIN: There is no ceiling in respect of the hourly rate.

Mr. ISNOR: Did it state that?

Mr. KNOWLES: Yes; that was stated in the act. As a matter of fact, $38.50 was $2,002 a year.

Mr. MARTIN: It cannot very well be put in when there is no ceiling.

Mr. KNOWLES: But there is a ceiling of $2,400.

Mr. MARTIN: For one group; and they are covered in section 22.

Mr. KNOWLES: But previously it read "$26, but less than $38.50 in a week."

Mr. MITCHELL: Then $38.50 was the ceiling.

Mr. KNOWLES: The ceiling is now $2,400.

Mr. MARTIN: That is for certain groups. For hourly labour groups there was no ceiling. For the so-called white-collar class there is a ceiling of $2,400. Perhaps the hon. member has not borne in mind those two classifications.

Mr. MacINNIS: Does the Unemployment Insurance Act differentiate between the white-collar class and others?

Mr. MITCHELL: No; possibly I should not have used that expression.

Mr. MacINNIS: Why does the minister say there is a white-collar class?

Mr. MARTIN: One is on salary and the other is on piecework or on a mileage basis. In line 7, "earning $26 or more in a week", sets out the ceiling. That includes the man earning $2,400 for assessment, as well as the hourly or mileage worker, or the piecework rate worker, who at present has no ceiling. That is, line 7 is from that point up. It is from $26 up.

Mr. KINLEY: It means that the white-collar man who earns over $2,400 does not come under it?

Mr. MARTIN: Correct, provided he is on salary.

Mr. KNOWLES: Was consideration given to establishing another bracket in this list? As it now stands, we find spreads within these brackets of $3, $4, $5 or $6 a week. Then there is a spread of $20 a week, paying the same insurance and, if unemployed, drawing the same benefits. I wondered if consideration had been given to creating a new bracket in which there would be a slightly higher rate of contribution and a corresponding higher rate of benefit.

Mr. MITCHELL: Consideration was given to that, but we did not want to upset the actuarial status of the act. We were advised by our actuaries against creating another class, and it was not undertaken, but we did give consideration to it.

Section agreed to.

Sections 26 to 28 inclusive agreed to.

The CHAIRMAN: Shall I report the bill?

Mr. MARTIN: Before that is done, I want to make one correction. Yesterday the senior hon. member for Halifax asked me if the Retail Merchants' Association of Canada had registered an objection, and in error I stated that they had not. I now wish to correct that statement. The Retail Merchants' Association of Canada did object because of the effect on their members; they argued that workers in retail trade receiving over $2,000 should not have to assist in insuring workers in war industries unless all exceptions were abolished.

Mr. JACKMAN: I believe there were a few questions asked yesterday which the parliamentary assistant said he would undertake to answer to-day. One was: what is the ceiling in Great Britain, Australia and New Zealand; and the other was: which of the associations that put in briefs were for and which were against the extension of the ceiling from $2,000 to $2,400? Would the minister be good enough to give that information to the committee now?

Mr. MARTIN: Yes. In Britain there is no ceiling for manual workers; for non-manual workers the ceiling is £420 a year. In New Zealand unemployment benefit is part of the social security scheme which covers all persons sixteen years and over, regardless of earnings or income. It is, of course, not an insurance scheme, and the payment of benefit is subject to a means test. In Australia, unemployment insurance in Queensland covers the majority of employees in organized industry, and there is no wage ceiling. There is no national unemployment insurance scheme in Australia as yet. What was the other question?

Mr. JACKMAN: Which of the various organizations putting in briefs were for and which were against the extension of the ceiling?

Mr. MARTIN: In favour of no limit there was the Trades and Labour Congress of Canada—

Mr. JACKMAN: You mean even above the $2,400?

Mr. MARTIN: Yes.

Mr. JACKMAN: Then are there to be three categories, those who would hold to the $2,000, those who would go to $2,400 and those for whom the sky would be the limit?

Mr. MARTIN: Perhaps the hon. member would let me complete my reply to the question.

Mr. JACKMAN: I just want to know what I have to bear in mind when listening to the hon. gentleman.

Mr. MARTIN: The Trades and Labour Congress, Canadian Congress of Labour, the Brotherhood of Railroad Trainmen and the Brotherhood of Maintenance of Way Employees argued for no limit. Those arguing for or proposing a higher limit were: the Confederation of Catholic Workers, $2,500; the Windsor chamber of commerce, $3,000 with insurability for earnings between $2,500 and $3,000 being optional; the Brotherhood of Locomotive Firemen and Enginemen, $3,600. The latter, however, would regard complete abolition of the ceiling as acceptable. Then the following were opposed, because of the effect they alleged on their members: the Brotherhood of Locomotive Engineers and the Order of Railroad Conductors; the Retail Merchants' Association, which I mentioned a moment ago. The following objected because of the fundamental nature of the change: Canadian Manufacturers' Association, Canadian Life Insurance Officers' Association, Canadian Bankers' Association, Dominion Mortgage and Investments' Association, Canadian

Chamber of Commerce, Calgary board of trade and the Hamilton chamber of commerce. These associations considered a slight increase in the ceiling would be permissible to meet the war situation, on the understanding that the $2,000 limit would be restored after the war. In this connection the Canadian Life Insurance Officers' Association suggested a temporary ceiling of $2,200. The Toronto board of trade and the Montreal board of trade made recommendations which dealt only with the war situation, but which implied opposition to permanent raising of the ceiling. I think that completely answers the question which my hon. friend put to me yesterday and which I said I would answer to-day.

Mr. ISNOR: In other words, there were a great many more objecting to a change than were in favour of it.

Mr. MARTIN: No, there were not.

Mr. KINLEY: I think that bears out my suggestion about the reason for the ceiling on the office workers.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 135, to authorize the provision of moneys to meet certain capital expenditures and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1943, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

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

Section 1 agreed to.

On section 2—Power to issue securities for capital expenditures.

Mr. JACKMAN: I recall that in the railway committee it was stated that some twelve or thirteen million dollars was set aside for deferred maintenance, an item which would not be allowed to any private company but which was set up by the Canadian National because it made no difference to their statement, inasmuch as they were not subject to taxation. What would become of that money, and why would it not be available to the company to finance these capital expenditures, instead of asking the government for authority to issue $6,000,000 odd in securities?

Mr. ILSLEY: The deferred maintenance reserve is for deferred maintenance rather than for capital additions and betterments. I may add that the $17,000,000 is available from reserves for depreciation and debt discount amortization, but nothing is taken from the deferred maintenance reserve, because the purpose of this expenditure is not maintenance.

Mr. JACKMAN: I appreciate that the purpose is capital, but inasmuch as the railway company must lean on the government for all of its capital expenditures, nevertheless there is this amount for deferred maintenance which is an extraordinary amount and one not allowed to private companies. I am suggesting that unless it is absolutely necessary for its working capital account—and I do not think that it is because it has ample working capital—it is hard to understand why this money is being made available to the railway company for its capital expenditure instead of borrowing more through the government authorization.

The CHAIRMAN: Shall the section carry?

Mr. GRAYDON: The minister has not answered the hon. member's question.

Mr. ILSLEY: It would be an exact repetition I gave to the previous question. The amount carried to deferred maintenance reserve is for deferred maintenance, not for capital additions and betterments. This expenditure the house is being asked to authorize is for capital additions and betterments. It is proper to take money out of reserves for depreciation and discount amortization, but not proper to take it out of reserve for maintenance.

Section agreed to.

Sections 3 to 8 inclusive agreed to.

Bill reported, read the third time and passed.

On motion of Mr. Crerar the house adjourned at 10.45 p.m.

Monday, July 19, 1943

The house met at eleven o'clock.

WAR EXPENDITURES

FIRST REPORT OF SPECIAL COMMITTEE—MOTION FOR CONCURRENCE STANDS

Mr. HUGHES CLEAVER (Halton) presented the first report of the special committee on war expenditures, as follows:

Your committee recommends that it be empowered:

1. To sit while the house is sitting and notwithstanding any adjournment of the house, and to adjourn from place to place.

2. To determine the manner and extent to which the evidence, proceedings and reports shall be printed or typed, and that where the same are ordered to be printed there be printed 500 copies in English and 200 copies in French, and that standing order 64 be suspended in relation thereto.

3. To appoint subcommittees, to fix the quorum of any such subcommittee, and to refer to such subcommittee any of the matters referred to the committee; any subcommittee so appointed to have power to send for persons, papers and records and to examine witnesses under oath or otherwise, to sit while the house is sitting and notwithstanding any adjournment of the house, to adjourn from place to place, and to report from time to time to the committee.

4. To employ such secretarial, reportorial, clerical and other assistance as it may deem necessary.

5. In cases where considerations of national security preclude the publishing of certain recommendations and of the arguments upon which they are based, to address a memorandum to the Prime Minister for the consideration of the war cabinet, provided that the committee shall, whenever it has exercised such powers, report the fact as soon as possible to the house.

Your committee further recommends that during any adjournment of the house, its reports shall be deemed to have been tabled when filed with the clerk of the house and seven days have elapsed after the date of such filing.

Your committee further recommends that six members constitute a quorum, and that standing order 65 (3) be suspended in relation thereto.

All of which is respectfully submitted.

Mr. CLEAVER moved that the report be concurred in.

Mr. GRAYDON: The hon. member for Halton, who presented the report and now has moved concurrence in it, was good enough to speak to me this morning privately with request to the facilitation of the passing of this motion. At that time I did not know that there would be quite such a comprehensive report of the committee, and in view of the fact that it deals with a number of subjects, and that the committee has asked leave to continue to sit while the house is sitting and also in the adjournment, I would ask that the motion stand over in the usual way, so that the notice which is ordinarily required can be given.

Motion stands.

JAPANESE NATIONALS

TABLING OF SUPPLEMENTARY AGREEMENT CONCLUDED IN 1928-29

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I desire to table three copies of the supplementary agreement on immigration between Canada and Japan concluded in 1928-29. This was asked for by the hon. member for Vancouver South (Mr. Green).

BUSINESS OF THE HOUSE

OUTSTANDING ORDERS FOR RETURNS

Hon. N. A. McLARTY (Secretary of State): Mr. Speaker, on Saturday the hon. leader of the opposition asked for a statement on the number of orders outstanding. The orders passed this session number 527, and the returns tabled 475. The returns outstanding are 52. I now table a specific list of the outstanding returns to orders.

Mr. GRAYDON: May we expect the rest to be tabled before the end of the session?

Mr. McLARTY: There is certainly no intention to hold back any information. Every possible effort is being made to see that as many as possible of the returns are tabled before the house adjourns.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

LIEUTENANT W. C. NEWMAN

Mr. BLACKMORE:

1. Has Major H. C. Singer, of Lethbridge, Alberta, preferred charges against Lieutenant W. C. Newman, a staff officer under Major-General Victor Odlum, D.S.O., C.M.G., formerly of the 2nd Canadian Division?

2. Have the appropriate officers notified Lieutenant W. C. Newman of the charges?

3. Have the appropriate officers called a court-martial to try Lieutenant W. C. Newman?

4. If so, has the date been set for the court-martial to be convened?

5. If not, why not?

Mr. RALSTON:

1. Mr. H. C. Singer, formerly a major in the Canadian Army, who had been dismissed from His Majesty's service by a sentence of general court-martial, in a letter dated November 20, 1942, from Lethbridge, Alberta, to the Officer Commanding Second Canadian Divisional Artillery, Canadian Army Overseas, made what such letter describes as "a set of charges against Lieutenant W. C. Newman" (now Captain W. C. Newman). The complaints were in connection with the performance by Lieutenant (now Captain) Newman of his duties as a Courts-Martial Officer of the 2nd Canadian Division and in connection with the evidence given by him in the court-martial proceedings against Major (now Mr.) Singer. The general officer commanding, Second Canadian Division, reported to Canadian military headquarters, England, that he was satisfied that all the charges made by Mr. Singer were without foundation in fact. The appropriate military authorities took no action against Lieutenant (now Captain) Newman.

2. 3, 4 and 5. Answered by No. 1.

SELECTIVE SERVICE—LABOUR SUPPLY BRANCH

Mr. ROSS (St. Paul's):

1. What are the names of the director and the officials of the labour supply branch of national selective service?

2. What previous experience and special qualifications have each of them for the positions which they now occupy?

3. Have there been any resignations from the said branch since the date of the acceptance of the resignation of Mr. Elliott Little?

4. If so, who so resigned and what were the reasons for such resignations?

5. Among the officials of the labour supply branch are transportation, communication, shipping, coal and recreational facilities represented? If not, why not?

6. What branches of our industrial effort have representation in the above named branch?

Mr. MITCHELL:

1. The labour supply branch of national selective service is under the supervision of the associate director (civilian), C. F. Needham, who reports to the director of national selective service, A. MacNamara. The other officials of this branch are:—

T. H. Robinson, assistant director (civilian) (presently engaged on a special survey).

Harry Hereford, special assistant to deputy minister and now acting as assistant director.

G. V. Haythorne, chief of the agricultural division.

T. B. Pickersgill, assistant to the chief of the agricultural division.

S. Ross, acting chief of the priorities division.

G. L. Bell, consultant.

J. W. Johnson, consultant.

J. W. McLeod, eastern coal consultant.

Robert K. Henderson, western coal consultant.

William Anderson, consultant.

C. F. McGinnis, secretary to the associate director of N.S.S. (civilian).

2. C. F. Needham—For over 40 years employed by the Grand Trunk Railway and later the Canadian National Railways in dealing with labour and associated matters and other railway subjects.

T. H. Robinson—14 years associate professor of economics, Colgate University, Hamilton, New York.

Harry Hereford—September, 1918 to 1925, Department of Labour, assistant to director of employment service, industrial engineer Department of Labour, registrar Combines Investigation Act; 1930 to 1941, dominion commissioner of unemployment relief; 1941 to 1943, controller of man-power records; special assistant to the deputy minister; chief registrar for Canada.

[Mr. Ralston.]

G. V. Haythorne, university graduate. Secretary of the Nova Scotia economic council for 4½ years; studied agriculture at Alberta and Harvard universities. Also studied at McGill and Geneva (Switzerland) School of International Studies.

T. B. Pickersgill, graduate University of Manitoba in agriculture. Worked for three years with the North-West Line Elevators Association, Winnipeg, in agricultural promotion work and general agricultural problems.

Sheldon Ross, graduate in engineering and architecture, McGill University. Has been associated with his own business of engineering and architecture since graduation.

G. L. Bell, fifteen years technical services engineer with General Motors; one year ordnance corps motor transport equipment and planning.

J. W. Johnson, twenty-one years' experience in forestry work throughout Canada and Europe. University graduate.

J. W. McLeod, thirty years' experience with Dominion Coal and district 26, United Mine Workers.

R. K. Henderson, ten years Canadian Collieries; seven years Western Fuel Corporation; seven years Granby Consolidated Mining, Smelting and Power Company; six years British Columbia government, Department of Labour.

Wm. Anderson, fourteen years commercial manager, Calgary Water Power Company; one year assistant to Director of army recruiting.

C. F. McGinnis, five years, Department National Revenue as investigator; eight years, customs brokerage and advisory business; one year, munitions and supply—materials, location and liaison work.

3. This branch was established in January, 1943, and since that date Mr. L. S. Campbell resigned on March 31, 1943; Mr. S. S. Colle resigned on March 31, 1943; Mr. W. R. Roberts transferred to the office of the timber controller on April 1, 1943, at a higher salary, with permission of the Department of Labour; Dr. Goldwin Smith resigned on May 15, 1943; and Mr. S. T. Garside resigned on May 31, 1943.

4. Mr. L. S. Campbell resigned to take a more remunerative position. Mr. S. S. Colle resigned owing to discontinuance of arrangement to pay living expenses when away from Montreal in addition to salary. Mr. W. R. Roberts transferred to a position with the timber controller. Dr. Goldwin Smith resigned due to personal dissatisfaction with status on the staff of national selective service,

stating he was to return to his former position in the university of Iowa. Mr. S. T. Garside resigned because of discontinuance of arrangement to pay living expenses when away from Toronto, in addition to salary.

5. Yes, except that recreational facilities are not directed by the labour supply branch.

6. All branches of industry are represented either directly or through liaison arrangements with the wartime prices and trade board and the Department of Munitions and Supply.

FREIGHT ASSISTANCE ON WESTERN FEED GRAINS

Mr. CASTLEDEN:

1. What was the total amount paid by way of freight assistance on western feed grains during the fiscal year 1942-1943?

2. What flour milling companies were paid freight assistance on western feed grains?

3. How much was paid to each of the above companies under this item?

Mr. GARDINER:

1. $9,963,161.66.

2 and 3. Flour milling companies receiving freight assistance payments direct from department—

Name and address	Amount paid 1942-43
Alliston Milling Co., Alliston, Ontario	$ 2,357 40
Almonte Flour Mills Co., Almonte, Ontario	11,414 23
Aurora Flour Mills, Aurora, Ont.	5,802 62
Acton Estate (Smithville Flour Mills), Smithville, Ont.	783 79
Barrie Flour Mills, Barrie, Ont.	7,002 73
Brigden Milling Co., Brigden, Ont.	3,140 51
Caledonia Milling Co., Caledonia, Ontario	9,445 00
Campbell & McNab, Douglas, Ont.	3,501 57
Chalmers Milling Co. Ltd., 10 Dawes Road, Toronto, Ont.	2,724 51
Cherry, S. J. & Sons, Ltd., Preston, Ontario	12,360 66
Collingwood Milling Co., Collingwood, Ontario	2,537 15
Copeland Flour Mills Co. Ltd., Midland, Ontario	60,421 83
Eclipse Milling Co., Cheltenham, Ontario	77 37
Elder Flour Mills Ltd., 1050 King St. W., Toronto, Ont.	693 77
Godbout Milling Co., Dundas, Ontario	837 37
Great Star Milling Co. Ltd., St. Marys, Ontario	27,025 40
Hawken Milling Co., Wallaceburg, Ontario	4,455 92
Hayhoe Brothers, Pine Grove, Ont.	863 04
Hunt Milling Corp. Ltd., London, Ontario	4,590 69
Wm. Knechtel & Sons Ltd., Hanover, Ontario	33,048 65
King Milling Co. Ltd., Sarnia, Ont.	9,713 07
Lake of the Woods Milling Co. Ltd., 460 St. John St., Montreal	511,506 46
Lakeside Milling Co. Ltd., Halifax, N.S.	80,251 12
McCarthy Milling Co. Ltd., Streetsville, Ont.	30,793 62
McDonald & Robb, Valleyfield, Quebec	7,965 77
Maple Leaf Milling Co. Ltd., 309 Dominion Bank Bldg., Toronto.	594,239 01
Milton Flour Mills, Milton, Ont.	9,026 09
Ogilvie Flour Mills Co. Ltd., Sun Life Bldg., Montreal	579,112 02
Orillia Milling Co., Orillia, Ont.	368 81
Quaker Oats Co., Peterborough, Ontario	404,071 52
Reid Milling Co., Streetsville, Ontario	2,577 18
Robin Hood Flour Mills Co. Ltd., Board of Trade Bldg., Montreal	755,922 94
Royal Milling Co., Chesley, Ont.	5,987 65
Saint John Milling Co. Ltd., Saint John, N.B.	199,854 56
St. Lawrence Flour Mills Co. Ltd., 2110 Notre Dame Ave. W., Montreal	224,138 84
Snider Flour Milling Co. Ltd., St. Jacobs, Ontario	20,550 43
Strathroy Flour Mills Co., Strathroy, Ontario	8,568 68
Swift Current Flour Mills Ltd., Swift Current	836 90
Tavistock Milling Co. Ltd., Tavistock, Ontario	27,159 76
Taylor, T. H. & Co. Ltd., Chatham, Ontario	6,108 44
Treleaven, W. E., Lucknow, Ont.	5,985 66
Tuer Milling Co., Alliston, Ontario	171 54
Vanstone, F. C., Bowmanville, Ontario	5,763 22
Western Canada Flour Mills Co. Ltd., McPherson Ave., Toronto	630,351 41
Wiarton Flour Mills, Wiarton, Ontario	617 20
	$4,314,726 11

COURT-MARTIAL OF MAJOR H. C. SINGER—BRIGADIER-GENERAL C. B. TOPP

Mr. BLACKMORE:

1. Has Major H. C. Singer, of Lethbridge, Alberta, preferred charges against Brigadier C. B. Topp for dereliction of duty in connection with the court-martial of Major H. C. Singer?

2. Have the appropriate officers notified Brigadier C. B. Topp of the charges?

3. Have the appropriate officers called a court-martial to try Brigadier C. B. Topp?

4. If so, has the date been set for the court-martial to be convened?

5. If not, why not?

Mr. RALSTON:

1. Mr. H. C. Singer, formerly a major in the Canadian Army, who had been dismissed from His Majesty's service by a sentence of general court-martial held in England and of which Brigadier C. B. Topp was president, in a letter dated July 11, 1942, from Lethbridge, Alberta, to district officer commanding, military district No. 11, Victoria, B.C., and to the judge advocate general, Ottawa, Ontario, (information), enclosed what said letter described as "a charge sheet and particulars against Brigadier C. B. Topp". The letter went on to state that "they will furnish a basis for investigation or court of inquiry; the matter of which is left in your hands". The judge advocate general considered that there was no foundation, either in law or in fact, for the so-called charges made by Mr. Singer. The appropriate military authorities took no action against Brigadier Topp.

2, 3, 4 and 5 answered by No. 1.

SUGAR FOR CANNING PURPOSES

Mr. EMMERSON:

1. What quantity of sugar for canning purposes was provided by the government for the people of Canada for the year 1943?

2. Was this quantity estimated on a per capita basis?

3. Into how many sugar rationing areas was Canada divided?

4. Did all sugar rationing areas receive their allotment on an equal per capita basis?

5. Into how many sugar rationing areas was New Brunswick divided?

6. What are the names of the members of the sugar rationing board for Westmorland county?

Mr. ILSLEY:

1. One hundred million pounds.

2. No. This quantity was determined by the available supply.

3. Sugar for canning was distributed through 555 local ration boards.

4. Each area received its allotment on a pro rata basis of the number of persons in the household of those applying.

5. Fifteen.

6. There are two local ration boards in Westmorland county, one at Moncton and one at Sackville. The names of the members of the boards are as follows:

Mayor H. A. Beale, chairman, Sackville, N.B.; Mrs. Doris Gass, secretary, town office, Sackville, N.B.; Mrs. Gordon O'Brien, member, Bridge st., Sackville, N.B.; Mrs. R. E. Scott, member, Main st., Sackville, N.B.; F. Roy Durling, member, Charlotte st., Sackville, N.B.; Albert J. Colpitts, member, Mount Allison University farm, Sackville, N.B.; Fred Locke, member, Main st., Sackville, N.B.; George Moore, member, Port Elgin, N.B.; A. Floyd Atkinson, member, Weldon st., Sackville, N.B.

[Mr. Blackmore.]

Mayor F. W. Storey, chairman, 49 Bromley st., Moncton, N.B.; J. E. Hoover, vice-chairman, 119 Givan dr., Moncton, N.B.; L. T. Tingley, secretary, City Hall, Moncton, N.B.; Francis Murphy, member, 142 Alma st., Moncton, N.B.; Mrs. M. F. Tompkins, member, 1218 Main st., Moncton, N.B.: J. Edgar Surette, member, 759 Main st., Moncton, N.B.; B. E. Bent, member, Shediac, N.B.; E. C. Rice, member, Petitcodiac, N.B.; Mrs. Aida McAnn Bullard, member, 63 Bonaccord st., Moncton, N.B.; Robert Duncan, member, 123 Broadview, Moncton, N.B.

EGGS—BRITISH COLUMBIA

Mr. CRUICKSHANK:

1. How many eggs have been shipped from Alberta to British Columbia since the beginning of the year?

2. How many eggs have been shipped from British Columbia for dehydrating purposes outside the province?

3. Did the request for the importation of eggs from British Columbia come from the wholesalers? If not, on whose advice was this action taken?

4. How many eggs are there in storage in British Columbia at the present time?

Mr. GARDINER:

1. Inspected shipments of eggs from Alberta to British Columbia from January 1 to June 30, 1943, were 556,020 dozen.

2. 36,000 dozen in 1943.

3. The movement of Alberta eggs to British Columbia would result directly from orders from British Columbia buyers to Alberta shippers. The government exercises no jurisdiction.

4. The July 1st report of the Dominion bureau of statistics lists no eggs in storage in British Columbia. Stocks on June 1st were 92,880 dozen.

SALE OF WHEAT TO CANADIAN MILLS

Mr. PERLEY:

How much wheat has the wheat board sold to the mills in Canada since 1st September, 1942, to date, and at what price per bushel for No. 1 northern basis Fort William?

Mr. MacKINNON (Edmonton West): The Canadian mills buy the great bulk of their wheat requirements on the Winnipeg grain exchange. The Canadian wheat board is one of the sellers on that market and makes its sales at the ruling market prices. Therefore, it is quite impossible for the board to separate its sales to mills from sales made to other buyers in the futures market. Likewise, the mills buying in the futures market could not separate purchases from the board and purchases from other sellers.

PURCHASE OF GOLD FROM PRODUCERS

Mr. MacINNIS:

What amount of gold, in ounces, was purchased by the government from the producers in each year, 1932 to 1942?

Mr. ILSLEY:

Calendar Year	Fine Ounces
1932	2,817,505·908
1933	2,484,581·421
1934	2,849,483·047
1935	3,158,767·230
1936	3,603,329·943
1937	3,933,446·326
1938	4,398,254·776
1939	4,869,238·400
1940	4,990,845·179
1941	5,092,604·010
1942	4,611,980·913

Note: Includes small amounts of scrap gold purchased by the Royal Canadian Mint.

SELECTIVE SERVICE—OPEN PERMIT SYSTEM

Mr. MacKINNON (Kootenay East):

1. When was the open permit system first adopted under the national selective service regulations, and why?

2. How many of such open permits have been issued since the system was first put into effect?

3. Is a record kept of each open permit when issued and when returned?

4. If so, how many of such permits have been returned to date?

5. What steps have been taken to check up on those to whom open permits have been issued and which have not been returned?

Mr. MITCHELL:

1. The introduction of open permits came into being in September, 1942, when all persons had to have permits to secure employment. The open permit idea was largely due to the volume of people going to offices to obtain permits, in some offices particularly. Other offices which had sufficient staff would not issue so many open permits.

2. No figures available, since information is not kept separately from information as to ordinary permits. They are not widely used at present and policy is to keep number down.

3. The usual record of all permits is kept.

4. Information is not kept separately from information as to ordinary permits.

5. Usually the permits are issued for a certain duration of time only and automatically are cancelled at the end of that time, very often good for only seven days.

SELECTIVE SERVICE—UNIVERSITY AND HIGH SCHOOL STUDENTS, BRITISH COLUMBIA

Mr. CRUICKSHANK:

1. Have any university and high school students in British Columbia been placed by the selective service board, between May 1 and July 1, 1943, (a) on farms; (b) in coal mines; (c) cutting wood fuel; (d) in sawmills; (e) in logging camps; (f) in shipyards; (g) in airplane plants; (h) in any other war industry?

2. If so, how many in each category?

3. Have any men been laid off in war industries during the same period? If so, how many?

4. Were these men transferred to shipyards or other war industries?

5. If not, why were they not so placed?

Mr. MITCHELL:

1. Yes.

2. Detailed information not available.

3. No general lay-offs.

4. All available men have been referred to shipyard and war industries.

5. Not applicable.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN FORCES—EMBARKATION LEAVE

Mr. HANSELL:

1. What are the regulations, if any, in respect of embarkation leave to the armed forces?

2. Is there any distinction made in the length of leave given according to location of the men in relationship to their homes?

FLOOD CONDITIONS—EASTERN TOWNSHIPS

Mr. POULIOT:

1. Did the government come to the relief of those who have suffered from a recent flood in the eastern townships, particularly in Coaticook?

2. If so, what has been done?

R.C.A.F. PROMOTIONS

Mr. CASTLEDEN:

1. What is the basis for granting promotions to commissioned officers of the R.C.A.F. who are prisoners of war?

2. Are promotions granted to n.c.o's who are prisoners of war?

3. How many promotions were granted to R.C.A.F. prisoners of war, (a) commissioned officers; (b) n.c.o's, during 1942?

PRODUCTION OF ALCOHOL FROM WHEAT, POTATOES, ETC.

Mr. WINKLER:

1. Has the government conducted experiments in the production of alcohol from wheat?

2. If so, what would be the cost per gallon?

3. What would be the cost using the cheapest suitable wheat on a basis comparable to the experiment?

4. Have tests been made for the above, using potatoes? If so, what was the production cost of alcohol?

5. Have tests been made using the by-products of the manufacture of paper? If so, have costs been worked out?

SELECTIVE SERVICE—COAL MINERS

Mr. ROSS (St. Paul's):

1. How many persons in Canada were designated as "coal miners" and actually were occupied as such, (a) at the outbreak of the present war; (b) on May 17, 1943?

2. During the period from the outbreak of war until May 17, 1943, how many such coal miners, (a) enlisted for service in our armed forces; (b) left the mines to go into other occupations?

3. Since May 17, 1943, how many coal miners have gone into, (a) the armed forces; (b) other occupations?

4. From May 17, 1943, to date, how many coal miners have been returned to the mines, (a) from the armed forces; (b) from other occupations?

COLONEL O. M. BIGGAR

Mr. BENCE:

1. Has Colonel O. M. Biggar acted as counsel and/or solicitor for the dominion government or any corporation owned or controlled by the government since September 1, 1939?

2. If so, in how many cases?

3. Did any of such cases involve questions of patents? If so, how many, and what was the style of cause in each case?

4. What is the total amount of fees paid to him by the government or by corporations owned or controlled by the government since the above-mentioned date?

5. What salary and expenses does he receive as director of censorship and what are the total amounts which have been received by him since he was appointed to that position?

6. What salary and expenses does he receive as a member of the permanent joint board of defence and what are the total amounts which he has received since his appointment to the said board?

TORONTO SHIPBUILDING COMPANY

Mr. COLDWELL:

1. Did the government engage a prominent engineer to report upon the Toronto Shipbuilding Company?

2. If so, has this report been received?

3 Was the report favourable or unfavourable to the company?

SYNTHETIC RUBBER—OFFER OF EXPERT ASSISTANCE FROM RUSSIA

Mr. WINKLER:

1. Did Russia in 1942 offer to send experts to Canada to direct technicians of Canadian government in the production of rubber from wheat?

2. Did the Canadian government have possession of facts showing rubber could be made cheaper from wheat than from petroleum?

3. Was the Russian offer, if any, refused?

4. Has the government possession of the cost of alcohol derived from the following materials, (a) wheat; (b) potatoes; (c) imported molasses; (d) by-products and waste from the manufacture of paper? If so, what are these?

[Mr. Winkler.]

CONVERSION OF WOOD INTO FODDER AND ALCOHOL AND WOOD WASTE

Mr. COLDWELL:

1. Has the government been informed of processes discovered by Dr. Egon Glesinger and Schoeller Torensch for the conversion of wood and wood waste, through wood sugar, into fodder and alcohol?

2. Has the government inquired into the production of a fifty per cent protein yeast manufactured from wood sugar?

3. Has the government any information regarding the production of pure protein in Germany and Sweden by similar processes?

E. P. TAYLOR

Mr. COLDWELL:

1. Is Mr. E. P. Taylor, deputy to the Minister of Munitions and Supply, on the combined production and resources board of the united nations?

2. Has the government bought any property situated in the city of Ottawa from Mr. E. P. Taylor?

3. If so, what properties, when, and at what prices?

MOTIONS FOR PAPERS

CENSORSHIP REGULATIONS OR INSTRUCTIONS

Mr. FRASER (Peterborough West):

For a copy of all censorship orders, regulations or instructions issued under government authority since the outbreak of war.

Mr. LaFLECHE: For security reasons, and because our censorship works with censorships of other countries, while I should be very happy to supply this answer, there must be some reservations.

Mr. GRAYDON: This matter has been before the house for some little time. I think the minister has spoken to this motion at least three times, asking that it stand over. This is the first intimation we have had that for security reasons or for any other reason than that the minister was waiting for someone in the censorship department to come back, the matter would not be fully answered.

So far as security reasons are concerned, in view of the fact that the whole matter of censorship is one which is brought to light by a letter published in a newspaper from one who was prominently identified with the division of censorship in Ottawa, and that one of the directives was actually published at that time, surely the minister should be in a position to table these regulations and orders. The public has a perfect right to know what is being censored so far as this country is concerned. Even in war time there cannot be

any real objection to tabling the regulations, the instructions and the censorship orders, because, though there may be security reasons in respect to what is being censored, there can be no objection to tabling the regulations and orders and instructions issued under government authority and no possible reason why the government should decline to produce them. The public has a right to know what the government is doing with respect to censorship. There is confusion and conflict on every hand with regard to this matter. Even the Minister of Justice stated the other day in this chamber, in connection with a candidate in the provincial election in Ontario having made some remarks about judges in this country, that he was going to have the censorship applied. Surely the public is entitled to know what is going on in the censorship department. If it is suggested that there are security reasons behind it, that is an excuse and not a reason. The minister ought to take a different attitude from that.

Mr. LaFLECHE: I must reject the reasons or many of the reasons given by the leader of the opposition in his remarks just made. The position I take is that censorship is one of the arms of the services with which we cannot possibly win this war, and—

Some hon. MEMBERS: Oh, oh.

Mr. LaFLECHE: Laugh, if you like. Evidently you are not particularly intent on winning the war.

Mr. COLDWELL: I object to that. The minister made an error in his first sentence, which was rather amusing, and members laughed, and I object to the interpretation which he is putting upon it.

Mr. LaFLECHE: I am very sorry; of course the word should have been "without". I should have laughed with hon. members at myself, and I am capable of doing so. May I suggest to the members of the Cooperative Commonwealth Federation party that it is good to be able to laugh at oneself. I find that very amusing in regard to my own slip of the tongue. I come back to the serious matter of winning the war, and the necessity of censorship working properly. I wish very much that the leader of the opposition should understand that censorship is as necessary, as essential as battleships, aeroplanes and cannon.

Some hon. MEMBERS: No.

Mr. LaFLECHE: I told him originally this morning—

Mr. SPEAKER: Order. This is a non-debatable motion. It is not in order for the minister to make an argument but only to give his reasons for not making the return.

Mr. COLDWELL: I think the house should press this motion as it stands. We are not discussing the advisability or inadvisability of censorship. We are asking for the tabling of orders, regulations or instructions under which censorship is done. This house has a right to know what those orders, regulations and instructions are. We have no right to ask for censored documents but we have a right to ask for the orders, regulations and instructions in question. May I say this while I am on my feet. Ministers have no right to say that they are exercising the usual reservations. There are no usual reservations.

Mr. GRAYDON: If the minister takes the position that he does not intend to table these orders, regulations or instructions, this party wishes to vote against that decision in order to show what its position is with respect to the whole matter involved.

Mr. BLACKMORE: We have altogether too much resistance to the desire of the house for documents. We are in a position to judge what is in the public interest and we should have these orders returned.

Mr. MACKENZIE KING: This is a very important motion. There is no intention on the part of the government to deny the house any information it should have, but I do know that there are some orders and regulations that have been a matter of correspondence between the British government and our own touching upon subjects that should not be made public at this time. What I would ask is that the house do not press this motion to-day but allow it to stand, and the leader of the opposition, the leaders of the other parties, the minister and I could have a talk about the matter together and we could bring it up again to-morrow.

Mr. GRAYDON: In answer to the Prime Minister, I have no objection to acceding to a reasonable request with respect to anything which might involve secrecy and security in connection with arrangements between the United Kingdom government and our own; but the Prime Minister will readily understand the position we take to-day on this question. The motion has been on the order paper for some considerable time, and

what should have been done in the first instance by the minister responsible was to make the answer he has now made. Had that been done we should have had an opportunity at least of giving the matter some consideration. I would agree with the Prime Minister's suggestion on one ground only, that is, that this matter be dealt with by the house to-morrow. We are getting near the end of the session and cannot have delays because these matters cannot be deferred from day to day. We have delayed far too long on this motion as it is and the debate on the war appropriation estimates may come on at any moment. We are now denied even such information as might normally be given apart from considerations of security in relation to the United Kingdom. In the meantime, I do not think it is fair to ask us to postpone the motion any longer than to-morrow. On that basis, perhaps I would be in agreement with the Prime Minister.

Mr. MACKENZIE KING: Notices of motions do not appear on the order paper to-morrow.

Mr. GRAYDON: I realize that, and that is why I raised the question.

Mr. MACKENZIE KING: Notices of motions appear on the order paper on Wednesday, and I do not wish to change the order of procedure; it might involve some other matters. I wish the house to understand that there are certain reservations that have to be made in the public interest in regard to this motion. I should be quite prepared to have the motion pass with those reservations.

Mr. GRAYDON: I am sorry to have to reply so often. Do I understand it this way, that the government is prepared to allow the motion to pass to-day on the condition that those matters which affect the United Kingdom in its relations with this country shall be subject to the reservation indicated? If that is so, I suggest that scarcely anything will be brought down. For security and other reasons which the government may advance, this motion would be rendered almost a negative one so far as we are concerned.

Mr. MACKENZIE KING: I said I knew specifically about the United Kingdom. There are equally, I am perfectly sure, some reservations that would have to be made in connection with communications that relate to the United States and other allied countries. Anything that must be reserved in the public interest, for reasons of public security, should be reserved under this motion. I am quite prepared to have the motion carry now, or be voted upon now, with that reservation. That is what the government is prepared to have done, to have the motion pass subject to the reservation of the right not to bring down anything which is not in the public interest in relation to the war and matters pertaining thereto.

Mr. GRAYDON: There is one matter the Prime Minister mentioned to which I would refer. We regard this as one of the most important questions that have come before the house for some time, and I suggest that rather than carry the motion on the terms suggested, it be brought up on Wednesday, seeing that it cannot be raised to-morrow, and that it should be the subject of conference among the leaders of the various parties; because I am not satisfied to allow the motion to go through with such a wide reservation as is asked for. There would be nothing left but a skeleton by the time the meat was all taken off it.

Mr. MACKENZIE KING: If the hon. gentleman has no confidence in the government and in my words as Prime Minister, let him vote on the motion at once.

Mr. SPEAKER: Mr. Fraser (Peterborough West) moved, seconded by Mr. Ross (Souris):

That an order of the house do issue for a copy of all censorship orders, regulations or instructions issued under government authority since the outbreak of the war.

Those in favour of the motion will please rise.

Mr. MACKENZIE (Vancouver Centre): On a point of order, before the count is called I suggest that the question be put to the house, first, on the motion and, second, on the motion as amended with the reservations that are necessary in the public interest.

Mr. STIRLING: Can that be done?

Mr. SPEAKER: The motion was put and the reservations were made by the Prime Minister. No amendment was moved to the motion. The reservations were refused by the leader of the opposition, therefore, only the motion is before the Chair.

Mr. MACKENZIE (Vancouver Centre): So long as that is understood by hon. members, I am quite satisfied.

The house divided on the motion Mr. Fraser, (Peterborough West), which was negatived on the following division:

YEAS

Messrs:

Adamson	Hatfield
Black (Cumberland)	Hazen
Blackmore	Hlynka
Boucher	Jackman
Bruce	Knowles
Cardiff	MacInnis
Castleden	MacKinnon (Kootenay East)
Coldwell	MacNicol
Diefenbaker	Marshall
Dorion	Nielsen, Mrs.
Douglas (Weyburn)	Noseworthy
Esling	Perley
Fair	Quelch
Fraser (Peterborough West)	Ross (Souris)
Graydon	Senn
Green	Stirling—33.
Hansell	

NAYS

Messrs:

Bertrand (Laurier)	Macdonald (Kingston City)
Bertrand (Prescott)	McGarry
Blair	McIvor
Bourget	MacKenzie (Lambton-Kent)
Bradette	MacKenzie (Neepawa)
Cleaver	Mackenzie (Vancouver Centre)
Corman	MacKinnon (Edmonton West)
Crerar	McLarty
Cruickshank	MacLean (Cape Breton North-Victoria)
Dechene	McLean (Simcoe East)
Donnelly	Martin
Douglas (Queens)	Matthews
Dupuis	Mayhew
Edwards	Michaud
Evans	Mitchell
Fournier (Hull)	O'Neill
Gibson	Pinard
Gladstone	Pottier
Golding	Power
Graham	Purdy
Gregory	Ralston
Hanson (Skeena)	Reid
Hill	Ross (Calgary East)
Howden	Ross (Middlesex East)
Hurtubise	St. Laurent
Ilsley	Sanderson
Isnor	Sissons
Jean	Soper
King, Mackenzie	Taylor
Kinley	Telford
LaFlèche	Turgeon
Lalonde	Veniot
Leger	Ward—71.
Little	
McCann	
McCulloch	
Macdonald (Halifax)	

Mr. MACKENZIE KING: I made it perfectly clear, I think, to the house that the government had no desire to deny hon. members any of the censorship orders, regulations or instructions other than those which it was not in the public interest because of the prosecution of the war to have brought down. I wish now to make it perfectly clear that the government will bring down all the orders, regulations and instructions which the motion calls for other than the ones which I indicated it would not be in position to bring down. Hon. gentlemen opposite would not accept my request for the necessary reservation or my statement that the government was prepared, subject thereto, to bring down these orders. I hope they will now accept my word that the government will bring down the orders and instructions that have been issued under government censorship, other than those which it is not in the public interest to bring down because of the prosecution of the war.

Mr. GRAYDON: If I may say a word in reply to the Prime Minister, the objection I had to the original proposal was based largely upon his own suggestion that the leaders of the parties might get together and see what was or was not in the public interest. Having in mind the fact that this suggestion was made, the Prime Minister at once jumped to his feet and said that we were impugning the honesty of the motives of the government, which of course no one had any desire to do, and the matter was put to a vote. I do not think there is anything very much separating us on that point.

Mr. MACKENZIE KING: The record in *Hansard* will speak for itself. I think I made it perfectly clear that the government was prepared to accept the order immediately, subject to the one reservation that we would withhold anything that it was not in the public interest to disclose because of the prosecution of the war. Notwithstanding I had made that perfectly clear, my hon. friend pressed the matter further and said he was not prepared to accept what the government was prepared to give.

Mr. GRAYDON: But the Prime Minister must not forget that he suggested the leaders of the parties would get together to decide on that point, and I was perfectly agreeable to that.

NATIONAL SELECTIVE SERVICE—RESIGNATIONS

Mr. FRASER (Peterborough West):

For a copy of all letters, telegrams, correspondence, memoranda and other documents exchanged between the Minister of Labour, the deputy minister of labour, or any official of the Department of Labour, and any or each of the following persons: S. T. Garside, E. L. Grabill, L. Holland, L. McGillivray, K. McTaggart, Carl Reinke, Robert Taylor and L. A. Wright, since November 1, 1942, relating to the resignations of the said persons from the national selective service branch of the said department.

NATIONAL PHYSICAL FITNESS ACT

PROVISION FOR ESTABLISHMENT OF COUNCIL FOR THE PROMOTING OF PHYSICAL FITNESS

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a bill to provide for the promotion of the physical fitness of the people of Canada, the constitution of a national council on physical fitness to carry out such purpose, the establishment of a special account in the consolidated revenue fund out of moneys appropriated by parliament and the disbursement from such account of moneys required for the purposes of the act, including grants to the provinces under agreements that may be entered into.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Mr. GORDON GRAYDON (Leader of the Opposition): I realize that I am out of order in saying anything at this time, but I thought perhaps the minister would wish to make some statement with regard to the matter.

Mr. MACKENZIE (Vancouver Centre): At the next sitting of the house.

Mr. GRAYDON: That will suit me fine.

Motion agreed to.

BUSINESS OF THE HOUSE

MOTION TO ADJOURN TO JANUARY 26, 1944, ON COMPLETION OF CURRENT BUSINESS

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

That when this house adjourns, on completion of current business of the session, it stand adjourned until Wednesday, January 26, 1944, at 3 o'clock in the afternoon, provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with His Majesty's government, that the public interest requires that the house should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the house shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time.

He said: Hon. members will observe that except as to the date mentioned this motion is in identical terms with the motions which were carried at a similar stage during the last two sessions of parliament.

Motion agreed to.

[Mr. G. K. Fraser.]

BINDER TWINE

INQUIRY AS TO DELAY IN DELIVERIES TO WESTERN CANADA

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I was anxious to direct a question to the Minister of Munitions and Supply (Mr. Howe), but when I got in touch with his department I found that he would be unavoidably absent to-day. Therefore I desire to direct the question to the Minister of Finance, and I wish he would see the proper authorities and perhaps make a statement to-morrow. It is with respect to a serious situation which has developed in western Canada in regard to binder twine. I have received letters from two different firms, one an implement company and the other a hardware company, and to put the case clearly I should like to quote briefly from one letter, coming from a merchant at Langbank, Saskatchewan:

I have to-day received a letter from the Brantford Cordage Company, Winnipeg, regarding a car of binder twine which was ordered in June for immediate shipment. The company states that the dominion government have unexpectedly and without previous notice taken over from the Canadian manufacturers four million pounds of binder twine . . . and that it was necessary for this company to turn over all stocks of twine already at the head of the lakes.

He goes on to say that fall rye will be ready to harvest early in August, and that the situation will be serious if they cannot get binder twine. Will the minister look into the situation and make a statement?

Mr. ILSLEY: I understand the acting minister has a reply ready.

Hon. J. E. MICHAUD (Acting Minister of Munitions and Supply): The hon. member sent notice to the department, and a reply was prepared and placed in my hands, as acting minister.

At the beginning of July an urgent request was received from the British raw materials board for the supply of 4,400,000 pounds of binder twine to meet a shortage which had arisen in the United Kingdom owing to an exceptionally early and heavy crop. The Department of Agriculture agreed to the release of this binder twine, and immediate steps were taken by the general purchasing branch of the Department of Munitions and Supply to requisition the necessary amount. It was found that insufficient quantities were on hand in the plants in eastern Canada, and large amounts had to be shipped from the head of the lakes. This caused a temporary

dislocation of distribution in the western provinces, but will not result in any delay in deliveries to the farmers when the binder twine is needed. The British authorities have agreed to release immediately to Canada sufficient fibre to replace the twine shipped to England, and Canadian manufacturers are making every effort to increase their production of binder twine to avoid any possible shortage in Canada for the 1943 crop.

ROYAL CANADIAN AIR FORCE

INQUIRY AS TO CIVILIAN INJURIES CAUSED BY DROPPING OF BOMBS

On the orders of the day:

Mr. J. A. ROSS (Souris): I should like to direct a question to the Minister of National Defence for Air based upon press dispatches from Brandon, Manitoba, which indicate that one man was killed and several injured when a night practice bomb was released from an R.C.A.F. machine and fell in the midst of one hundred civilians who were attending a Red Cross dance on a farm near Roseland, Manitoba, on Friday night. Will the minister inform the house what steps are being taken to investigate this matter, and I should be glad if he would also give such information concerning the accident as he has been able to obtain.

Hon. C. G. POWER (Minister of National Defence for Air): My hon. friend gave notice of this question. This unfortunate accident occurred Friday night. News of it was received on Saturday afternoon, and immediately a court of inquiry was assembled. The court has not reported as yet, and when it has reported I shall give to the house such information as I am able to obtain from it.

FARMERS' CREDITORS

CONSOLIDATION OF ARRANGEMENT ACT OF 1934 AND AMENDMENTS

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of Bill No. 132, to facilitate compromises and arrangements between insolvent farmers and their creditors.

He said: In February 1943, the judicial committee of the privy council held that the Alberta Debt Adjustment Act, 1937, was legislation in relation to insolvency and constituted a substantial invasion of the exclusive legislative powers of the parliament of Canada in relation to bankruptcy and insolvency and obstructed and interfered with the actual legislation of that parliament on those matters, and therefore was ultra vires. The decisions of the privy council served to confirm the decisions of the lower courts on the Saskatchewan Debt Adjustment Act and likewise threw grave doubts upon the Manitoba Debt Adjustment Act.

As a result, representations were made to the dominion government by various delegations, including a delegation from the Saskatoon conference of representatives of the three prairie province governments and farmers' organizations and representatives of the mortgage and investment companies and insurance companies, as well as other individual creditors and debtors. Various representations were made to the government from private citizens of the prairie provinces, including a considerable number of farmers who represented the point of view of both debtors and vendors of land. The need for a means of adjusting the old and onerous debt loads of depressed farmers in the west was admitted, but various opinions were advanced as to the best method of doing this. I think it is fair to say that general emphasis was put on the importance of safeguarding the credit of western agriculture and ensuring the necessary flow of new capital for the development of that industry. The position of the farmer as a potential creditor was emphasized, for instance, the case where an older farmer wishes to retire and sell his farm under an agreement for sale to a young man about to start in farming.

Experience has shown certain limitations of the Farmers' Creditors Arrangement Act, 1934, and it was urged upon the government by representatives of both debtors and creditors that these defects should be remedied by new legislation under the bankruptcy jurisdiction of the dominion. Manitoba pressed for the extension of the act, or similar legislation, to that province as well as to Alberta and Saskatchewan, and indeed the Saskatoon conference suggested that there be enacted legislation which would provide for continuous adjustment of farm debts.

The government has given careful consideration to these representations and to the question of the best way of meeting the problem that existed in the three prairie provinces without doing irreparable harm to the credit of western agriculture. After careful deliberation, the government reached the decision that it was inadvisable at this time to reopen the fundamental issues of the western debt problem. To embark upon legislation so highly controversial during the stress of war, when the energies of parliament and the country as a whole are being taxed by immediate war emergencies, was felt to be unwise. A constructive solution of the particular problem of western debt, and of the problem of agricultural credit generally, should be attempted only when we can see more clearly the conditions that are likely

to prevail after the war. Moreover there is already on the statute books the Central Mortgage Bank Act, passed in 1939, and designed to provide a permanent solution of the farm debt problem, while at the same time safeguarding the credit of the farmers and ensuring that the future capital needs of the farming industry would be met and at moderate interest rates. Owing to the outbreak of war in September 1939, this act has never been brought into force, and it was considered inadvisable to implement it during the war years because of the uncertainties which the war interjected into such fundamental matters as the values of farm lands and the real value of farm income. Moreover, it was considered that the national credit must be utilized to the full in the prosecution of the war.

The government, however, felt it desirable to meet the immediate need of preventing farmers from being dispossessed of their lands when food production was of such vital importance to the nation, and to that end an order in council was passed following the announcement of the privy council decisions, which provided that in any action by a mortgagee for foreclosure, or by a vendor under an agreement for sale or cancellation of the agreement, the court may stay the action, postpone the payment of any moneys due, vary or extend any order previously made with a view to retaining on the land during the state of war now existing an efficient and industrious farmer and at the same time protecting all other persons having any interest in the land of the debtor.

At the same time the study which has been made of the operation of the Farmers' Creditors Arrangement Act, 1934, and of the representations received earlier this year, has induced us to introduce the bill which is now before the house. This bill is designed to rescind the 1934 act and substitute for it an act which will continue, with important changes, the system of farm debt adjustment which has on the whole worked successfully in the past. I shall call attention to the more important changes. The bill extends the system of farmer-debt adjustment to Manitoba, retains the limiting date line of May 1, 1935, but provides that if two-thirds of a farmer's debts were incurred prior to that date he may seek an adjustment of all his debts including those incurred subsequent to that date; allows cases to be reopened where farmers made a composition prior to January 1, 1939, and establishes a new machinery for the administration of the act by substituting for the boards of review the county or district courts of the provinces with appeals to a single judge of the superior or appeal courts of the province.

That is a brief statement of the principles of the bill. I presume there will be some discussion of those principles, and at the conclusion of the debate, if it is not too long, I may have something further to say.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, following the example of the Minister of Finance (Mr. Ilsley) I do not intend on this occasion to speak at length. Taking the measure as a whole, I believe it represents an endeavour on the part of the government to meet a condition the seriousness of which has not been much lessened in western Canada with the passage of years. With the point of view he expressed, that there is a desire to assist a farmer who may find himself in a difficult position owing to circumstances over which in the main he has had no control, I agree. I agree also with the principle that the credit of the farmer, in his own interests, should be considered.

This is a most important piece of legislation, in that it is intended to bring up to date legislation introduced by Mr. Bennett in the house on June 4, 1934. At that time he pointed out the purposes for which it was intended. This is what he said:

> We should endeavour to secure a cheap and speedy method by which a farmer in difficulty could provide some arrangement or composition with his creditors. It is a well-known fact to members of the house engaged in business that under the common law no compromise could be made with a man by his creditors to pay less than one hundred cents on the dollar unless all creditors agree.

Later in his speech he said:

> The object, of course, is to keep the farmer on the farm; if possible to keep him cultivating the land upon which he has lived. In making the arrangement we contemplate, through the assistance of those who have loaned him money, it follows of course that we can go only a certain distance in determining how his security can be dealt with.

When the bill came before the house certain changes were made in it, and during the years in which it has been in effect since 1934 it has afforded much assistance to the western farmer. In many cases it has spelled the difference between continuing or discontinuing farming operations. We had difficulties in Saskatchewan during the years 1931-1936 by reason of crop failures, low prices, which placed the farmers in such a position that they could not pay their debts. Conditions were not as acute subsequently as they had been prior to 1934 when the act was passed; nevertheless, however honest a farmer may have been, and however desirous he was of paying he could not during these years meet his liabilities. And I want to say here and now to some who assert that the western

farmer has not been honest in his debt relationships, that there is no foundation for the suggestion; for during the past year or two, when the farmer has found himself in a better financial condition than he had been in for a period of years, he has been meeting his debts in a manner and to a degree that has not been excelled in any other part of this country.

Mr. GRAYDON: He will always pay when he can.

Mr. DIEFENBAKER: As the leader of the opposition says, the farmer will always pay his debts when he can. But during a period of eight or ten years such as he passed through, with no crops or small crops in some years, and with low prices in the years when he had good crops, it was impossible for the farmer to pay.

Now we come to the war period. While there has been an increase in the income of the farmer since the war began, that increase does not assure him of an income equal to what he had in the years 1926 to 1929. This legislation is important because it is one method whereby the war effort of this dominion may be assisted. It is actually in the nature of a war measure, although it will be effective after the war. Production must be kept at a height commensurate with the great demands of our army overseas, of our people in Canada, and of the other nations. The overwhelming load of debt that even now rests on the western farmer is in its nature detrimental to maximum production.

I shall not go into much detail, except to say that up to April of 1940 there were 5,094 proposals made under the act since 1935; secured debts were reduced by $18,547,051 and unsecured debts by $1,926,819 during that period, or an average reduction of 41·9 per cent per farm. In the province of Saskatchewan there were 142,000 farmers with a debt load in excess of $482,000,000 according to a computation made some time ago by Doctor Hope of the university of Saskatchewan. That is a tremendous load of debt, and the result of it has been to destroy hope in the hearts of many who would have desired to continue as farmers. They have had the opportunity of coming before the boards of review in Saskatchewan and in the western provinces, other than Manitoba. Manitoba has not been under the act for some considerable time, and debts have been written down. But the act up to the present time has not covered certain situations that it should cover. So intense has the movement become in the western provinces for a reconsideration of the debt problem that the submission to the federal government in 1943, to which the minister referred, asked for the setting up of a tribunal or tribunals, to be created by proper legislative authority, in order to:

(a) Write down the principal of farm debts, secured and unsecured.

(b) Reduce the interest rate on farm debts, secured and unsecured.

(c) Alter the terms of payment of farm debts, secured and unsecured.

(d) Review and revise its own decisions in the light of events subsequent to the making of the decision.

(e) Extend to individuals in any particular year or circumstances, the protection of any of the provisions of this legislation available to any debtor whose affairs are being administered under it.

(f) Stay proceedings arising on debts or securities after an adjudication has been made.

(g) Make the foregoing remedies available with respect to any farm debts regardless of the time at which they were incurred.

That submission was made in March, 1943.

The minister has mentioned that the debt adjustment act of Alberta was declared beyond the powers of the legislature. It was felt that the debt adjustment acts of Saskatchewan and Manitoba would be in the same position; therefore the government was requested to consider legislation in the form of an order in council to be passed under the War Measures Act in order to protect farmer debtors against foreclosure and cancellation. An order in council was passed by the governor in council along the lines of section 15 of a Saskatchewan statute known as the Limitation of Civil Rights Act. I shall not discuss the details of that order in council, but under it provision was made that in actions by a mortgagee for foreclosure or by a vendor of land for cancellation of an agreement of sale the judge might, after making inquiries concerning the income and assets of the parties and all other relevant matters, grant a stay of execution, postpone payment of any moneys due, and prescribe terms and conditions to which any order shall be subject.

I believe that the legislation before us, except for some changes that I should like to suggest, will go a long way towards meeting the farmer-debtor's position in the western provinces, provided that the order in council is kept in effect to operate alongside of the new act. I repeat the order in council must be retained. I would rather it were incorporated as part of the present statute, but if the government refuses to do that and wishes to continue it in effect under the War Measures Act, I shall have no serious objection to that course. It will be in effect only for the period of the war, and it may be justifiable under the circumstances to have it in the form of an order in council. But I would

point out that if the order in council is allowed to lapse—and in the province of Saskatchewan there is no effective debt adjustment act; the Alberta Act was declared ultra vires—serious results will follow in the matter of the loss of land by foreclosure and cancellation, in cases where the farmer is entitled to be kept on the land as being an efficient producer, although his inability to pay is due to conditions under which he has no control.

I think commendation is due for making provision for an appeal from the decision of the district court judges, who now will take the position of administering the act. One principle which must be upheld is the right of an individual to appeal, for the purpose of having his rights established and his rights secured from administrative bodies, whether headed by a judge or any other person; otherwise orders arbitrary in their effect may be made. To make no allowance for appeal would be a denial of justice. Provision has been made for that, and I think it is a worthy provision. I also think that the inclusion of estates, by allowing executors or administrators to seek adjustment of debts, is also worthy of commendation. I feel however that provision should be made whereby executors or administrators, the personal representatives of deceased estates, should be permitted to apply for a readjustment irrespective of the date of the death of the decedent in the estate.

He has just mentioned the fact that the date line for the application of the act to personal representatives goes back to July 3, 1934. I ask him to give consideration to extending that date line still further beyond that date. He has mentioned that provision has been made for allowing the reopening of cases which came before the board of review prior to January 1, 1939. That, too, is a worthwhile step. The great difficulty in connection with the administration of the Farmers' Creditors Arrangement Act has been that there has been no general principle, or body of jurisprudence —if I may be allowed to apply that to the orders of a board of review—brought into being. One of the great objections to the board has been that in certain cases there have been tremendous writeoffs and reductions and in other cases in the same locality, where farmers were entitled to similar writeoffs, the reductions have been less. The result has been a feeling of inequality and inequity which will now, I believe, be done away with by reason of the fact that a right of appeal has been set up which will ensure uniformity of administration all over the province. This provision for appeal is worthy of high commendation. I repeat that if one thing is more important than another in an act such as this, and for that matter in all legislation, it is that there shall be equality of application and administration as much as is humanly possible.

I shall refer to various other matters when the sections are taken up; we shall come to that in the discussion in committee. With the general principle of the bill I agree. With the changes which have been made, the alterations in set-up, I feel that a forward step has been made. I think that if the act is properly applied, if an invitation is given to farmers who, through no fault of their own, find themselves unable to meet their debts, to take advantage of the act, it is—subject to certain objections which I shall take later on—a measure which goes a considerable way towards relieving the difficulties of farmers who are in debt in the western provinces. I know there are those who will say it should go much further. I too could say that, Mr. Speaker, for I feel that in certain directions it does not go far enough. But having regard to all the circumstances, to the need of legislation being passed, to the fact that the government has seen fit to go so far and will, I suppose, go no further, and that there is in this legislation some hope for the farmer who is in difficulty, who is honest and straightforward and desires to pay his debts if only he has the income so to do, I am going to support this bill. It is a step in the right direction.

The government should appoint the most outstanding judge in each of the provinces who can be made available for the purposes of administering this act by way of appeal. It will depend in its application and its administration, not so much on the letter of the law, but rather upon the judge who will be charged with being the appeal court, whose decision will be final. It places a large responsibility in the hands of one judge. If the judge who is chosen is an outstanding judge, appreciative of the terrible difficulties through which the western farmer has passed through a period of some twelve or fourteen years, realizing the necessity that something must be done and that a liberal interpretation should be given the provisions of this act, then I feel that much good will be done. On the other hand, if the administration of the act is placed in the hands of a judge who will not give a liberal interpretation, while the act may promise much, it will effect little actual good. I do ask that the minister give us during the debate, an opportunity to find out who the judge will be in each of the provinces. I do not think there is anything unfair in that suggestion. The judge will be

charged with being the custodian of the future of western agriculture, and in Saskatchewan there are 140,000 farmers. In setting up the administrative boards, in setting up an appeal court, parliament has the right to know who will be appointed, the right to discuss the appointee's qualifications, and the right to inform the minister and the country whether or not the appointees whom the government has in mind will meet with the approval of those who will be most affected, namely, the farmers.

I ask the minister to give the house and the country an assurance that the order in council passed under the War Measures Act will be continued in effect until the end of the war. For unless that order in council is continued in effect, while there will be legislation provided for the writing down of debts, and for the granting of extensions where the farmer comes under the act, there will be no protection for the farmer such as was guaranteed to him under the provisions of the debt adjustment act.

Mr. VICTOR QUELCH (Acadia): In considering the problem of farm debt it is well to remember at all times that this problem exists to a very large extent as a result of the failure of federal governments in the past to maintain a sound national policy, especially in its relationship to western agriculture. I think it is well also to remember that western Canada was not opened up especially for the benefit of the people who settled there, nor for the benefit of the west, but to a considerable extent for the benefit of the central provinces, and if you will read *Hansard* of 1903 and 1905, taking the speeches of Clifford Sifton and Frank Oliver, that becomes perfectly plain.

I would say that a national policy which forces any class of society, and I have the farmers in mind, to sell their products at world market prices, while on the other hand incurring their costs in a highly-protected market, brings about a condition that is almost certain to lead to the bankruptcy of that class of people. And that of course is exactly what happened in the years from 1930 to 1939. The failure of the federal government in those years to pass legislation to protect the farmers against those conditions brought the provincial governments into the field, and protective legislation was put into effect for the purposes, as far as possible, of guaranteeing the security of tenure of the farmers. That legislation, while it was incapable of bringing about a compulsory reduction in the amount of debts owed, did nevertheless give the farmers a bargaining power, and as a result of that legislation, many farmers were able, by mutual agreement with their creditors, to get a reduction of their debts, because the creditors did not have the power to force farmers off their land or to seize their chattels.

The decision of the privy council in wiping out the provincial debt legislation has, I am afraid, a little weakened the people's faith in the administration of law and justice in western Canada. In that regard I would quote from the Hanna *Herald,* which by no stretch of the imagination can be called a radical paper. It is a very orthodox one. In the edition of March 11 appeared this editorial:

> Nevertheless it must be admitted that the disallowance of the Alberta debt legislation has not been received with approbation by the majority of Alberta people. Whatever the defects of the method undertaken, the people of this province always had the idea that they had the right to run their own affairs in this respect at least. A large number of Alberta people are coming to the conclusion that the courts of justice are always on the side of property rights in that they will consider such rights ahead of the welfare of the people. It may be that is what the law says. We do not know. But we do know that it will be an unfortunate day for the whole judicial set-up in Canada if the people of the west come to the conclusion that the courts will always be against them when concentrated wealth is on the other side.

I would add, Mr. Speaker, that when the people's faith in the administration of law and justice in any country is destroyed, you are paving the way for internal strife.

Now it is up to the federal government to deal with the matter. The provinces apparently, for the time being at any rate, are out of the picture. And so we come to this bill. In my opinion, after reading the bill through very carefully, it does seem that the government has almost entirely disregarded the recommendations of the western debt conference and given way to the recommendations or pressure of the mortgage companies.

I will give three examples to show where, in my opinion, the federal government has definitely sided with the mortgage companies against the three western provinces: Substituting courts for boards of review, thereby increasing costs to the farmers, and also doing away with a great deal of the sympathetic consideration which they have received of recent years from the type of commissioners appointed to these boards. Failure to treat debt as a recurring problem, and that was strongly emphasized by the western debt conference, and it was also fought quite strenuously, on the other hand, by the mortgage companies. The government apparently has decided to side with the mortgage companies on that question. Then the right of appeal against the decision of the court. That will further add to the costs of the farmers. The inclusion of Manitoba is

of course a concession that was asked for by the western debt conference and was opposed by the mortgage companies. It seems to me that that is the only point in connection with which the government has favoured the west as against the mortgage companies. There is unfortunately in the west, and it is only to be expected, a feeling that in the past there has been some form of conspiracy between the government and the financial institutions progressively to dispossess the farmers of their land. I am afraid that this bill will not give the farmer any more confidence in this regard.

The members of the western debt conference stressed the fact that the actual conditions under which western agriculture labours makes debt a continually recurring problem. Debt will continue to be a recurring problem in the west until such time as we bring down a policy whereby the farmer is guaranteed parity prices, that is, prices for his farm products which are commensurate with the prices he has to pay to meet his cost, and, secondly, until a comprehensive scheme of crop insurance is brought into existence. I know that in the past the Minister of Agriculture (Mr. Gardiner) has emphasized the difficulties of bringing down a scheme of crop insurance, but the fact is that such a scheme has been working satisfactorily for the past three years in the United States. If it is possible to introduce crop insurance in the United States I cannot see why it could not be introduced in this country. Unfortunately the government has shown no intention of introducing a long-term agricultural policy embodying these essential proposals; so I say that debt will continue to be a recurring problem in this country.

The proposals put forward by the western conference appeared to me to be fair, but, as I said already, this bill completely or nearly completely disregards those recommendations. The proof of this is the fact that the farmers are allowed to make only one proposal. Two thirds of a farmer's debts must have been incurred prior to 1935 before he can make another proposal. I shall not take the time to deal with individual sections; in any event that can be done better in the committee stage.

I should like to refer to two pamphlets which were put out by the dominion mortgage companies and which I believe were circulated throughout the country. The people responsible for these pamphlets showed either a distressing lack of knowledge of western conditions or a callous disregard thereof. Anyone familiar with conditions in Saskatchewan and Alberta and taking the stand set out in these pamphlets proves himself to be one of two things, either a fool or a rogue. If these people were not familiar with conditions, they had no right to pass judgment. The depression lasted from 1929 to 1939 or 1940. Many farmers entering that depression period were carrying heavy mortgages, many of them incurred in the previous depression of 1921 to 1924. Prices fell to the lowest point on record during the previous four hundred years. Debts contracted when wheat was $1.50 a bushel had to be paid with wheat bringing sometimes only 20 cents a bushel. The price of live stock fell to a similar degree. The result was that the bare cost of production could not be made, and the farmer was being forced steadily into debt. Interest payments could not be met, taxes piled up, and machinery and buildings depreciated. Men who were looked upon as highly efficient farmers in 1928 found themselves no longer able to farm efficiently. Yet we are asked by the people who put out these pamphlets on behalf of the mortgage companies to believe that two or three years of good prices can offset the ten long years of the depression and drought.

I should like to examine briefly some of the propaganda which was put out by the mortgage companies and which apparently has been so effective with the federal government in drafting this bill. The first pamphlet is entitled, "Abuses of Arbitrary Debt Adjustment", and was issued by the Dominion Mortgage and Investments Association. I quote from page 4 as follows:

> Since 1938, when it was decided to withdraw the application of the act from all provinces except Saskatchewan and Alberta, the situation has changed very materially. It can no longer be argued that agriculture in these provinces is in a depressed condition. Production has expanded, farm output has been greatly diversified and prices of farm commodities have risen.

And again:

> The extent of the improvement in the position of Saskatchewan and Alberta farmers is indicated by farm cash income figures and the increase in live stock on the farms. Farm cash income in Saskatchewan in 1942 was $99·4 millions higher than in 1938 and in Alberta $40·2 millions higher. Farm cash income in both Alberta and Manitoba in 1942 was $11 millions higher than in 1929. In Manitoba it was $20 millions higher than the yearly average for the prosperous 1926-29 period.

I wonder why they had to take those particular years. Prices in 1938 were low, and it was easy to take a low year and then say that prices have risen. The prices in 1929 did not represent the average of prices from 1926 to 1929. If these people had really been endeavouring to present a fair picture, they would have given average prices rather than select one or two years which specially suited what they were trying to put over. I should like to quote from a pamphlet which was put

out by the Manitoba Federation of Agriculture, entitled, "Finance-Credit". On page 10 is shown the cash income from the sale of farm products for the calendar years 1926 to 1941 inclusive. I am going to give figures which are based upon averages. These show that the average cash income from 1926 to 1929 from the sale of farm products in Manitoba, Saskatchewan and Alberta was $537,913,000. The average for the succeeding ten years, that is from 1930 to 1941, was $260,006,000. In other words, during those ten years the income of the western farmer was reduced by over fifty per cent, but in some of those years his income fell to exceptionally low levels. For instance, in 1931 the income of the western provinces fell from an average figure of $537,913,000 to $169,780,000; in 1932 to $168,550,000 and in 1933 to $171,100,000. It was not until 1939 that the income of the three western provinces reached a figure of over $300,000,000, which was still $200,000,000 below the average for 1926-29. Yet we are asked to believe that three short years of good prices can overcome ten years of depressed prices, a period when the income of the farmer was fifty per cent of what it was during the period 1926-29.

But that is only part of the story. What about the depreciation of equipment and buildings that took place during that period? It is interesting to note that in their briefs the mortgage companies entirely disregard what happened in that respect. Again I would quote from page 11 of the pamphlet prepared by the Manitoba federation of agriculture:

> One of the direct consequences of this decline of western Canada's farm income has been the depletion of the farmer's capital evidenced by the decline in value of his buildings and equipment . . . the value of farm land and buildings has declined steadily from a figure of $2,166,000,000 in the year 1926 to a figure of $1,227,000,000 in the year 1941. Throughout this entire period the decline has been a steady one. In no year has the value of the buildings been as great as it was in the year immediately preceding. The same is true of the farmers' equipment, the figures for which are: in the year 1926, $343,000,000; in the year 1941, $253,000,000.

From these figures it will be seen that on their buildings the farmers suffered a depreciation of around 44 per cent during those years, and on farm machinery a depreciation of 26 per cent. It goes on to say:

> The coincidence of widespread and recurring drought was the final blow, for it prevented resort to the traditional defence of the individual producer—expansion of production.

Taking these matters into consideration, and in view of the fact that if the farmers to-day do receive a fairly substantial income they will have to pay a heavy income tax and, under this legislation, will have to pay a large amount of debts—that is to say, if they come within that category—one may well ask how the farmers are to build up their reserves and replenish their supplies of machinery, reconstruct the buildings on the farms and make up for the depreciation which took place during those ten years. The mortgage companies also say that no consideration should be given to farmers who are not efficient. In the pamphlet entitled "Abuses of Arbitrary Debt Adjustment," I find the following, at page 14:

> The application of the act should be limited to efficient farmers who reside on and personally operate the farm, who are in difficulties through no fault of their own, who have tried to the best of their ability to pay their obligations, who have sufficient land, equipment, industry and ability to produce substantially and whose difficulties are essentially due to a debt burden beyond the capacity of an average efficient farmer.

Back in 1926 to 1928 I knew many farmers who were considered highly efficient; who had money in the bank, life insurance, good stocks of equipment and no debts. I knew some of those same farmers in 1939, before the war started, who had used up their cash resources, who had sacrificed their life insurance, whose machinery had become depreciated, whose buildings were becoming dilapidated and who had gone heavily into debt, as a result of which they were no longer in a position to farm efficiently. Are we to say that because for ten years we have allowed a condition to exist which has forced efficient farmers to become inefficient, we are not going to give them any consideration in regard to the adjustment of their debts? Yet that is what is urged in this pamphlet issued by the mortgage companies, that no consideration should be given to a farmer who is not efficient.

There is another worse aspect to it as well, and what I would call a very dangerous aspect. Many of the older farmers, when power machinery came in, sent their sons to technical schools or agricultural colleges to learn how to operate that power equipment, combines, engines and other equipment of that type. When these boys came home they assumed the responsibility for running that equipment, and in many cases the older men knew nothing at all about it. What has happened? On thousands of farms you will find that these boys are in the army, perhaps overseas, and the older men who are left at home have to carry on as best they can, without the help of their sons. Very few of them are in a position to hire a mechanic to look after these machines, and as a result these men are not able to operate efficiently. Yet the mortgage companies say that if a man is not an efficient farmer he should receive no consideration. What are those boys to think if, when

they come home, they find that as a result of their enlistment their fathers were not able to carry on efficiently and the farms were sold over the heads of the older men? I am satisfied they will feel that they have done only half their job in fighting overseas, that there is another battle to be fought out in this country. Why should any boy be asked to go overseas and perhaps sacrifice his life for his country while we have a bunch of bloodsuckers of this kind doing everything in their power to have the government give them the right to seize the farms of men who, just because their sons have gone away, are not able to operate efficiently? Neither of these pamphlets contains one word in regard to the situation which has been brought about by the enlistment of these boys throughout the west, and the recommendations coming from the west in this regard have been ignored. I should say that the only justification for refusing to deal with a debtor should be either dishonesty or rank idleness; those should be the only two reasons.

The mortgage companies very bitterly oppose permanent debt adjustment machinery. In this connection I would quote from page 7 of another pamphlet issued by these companies, entitled "The Prairie Farmer and His Debts," as follows:

> It is often urged that peculiar and specialized western conditions make the lot of western farmers more difficult and uncertain than that of the farmers in the maritimes, Quebec, Ontario and British Columbia, and that, for this reason, permanent mortgage debt adjustment machinery, having power to revise and reduce debts indefinitely or periodically, must be provided. This argument will not stand up under examination. . . . The contention that western agriculture is more hazardous is based on the assumption that all western farms are almost entirely dependent upon wheat production and are what are generally called "grain" farms. The production figures and the 1936 census classification of farm holdings disprove this. The majority of farms in Manitoba and Alberta are certainly not grain farms.
>
> Manitoba farmers secured only 21·7 per cent of their 1942 cash income from wheat; Saskatchewan farmers, 39·4 per cent; and Alberta farmers, 24·2 per cent. According to the 1936 census, 125,583 farms, or 42 per cent of the total, are under 200 acres in size. These farms, comparable in size to eastern farms, should be considered as diversified farm units and as economic units are similar to mixed farms in eastern Canada. Many of the larger farms are also engaged in mixed farming. There are 45,939 farms over 640 acres in size. These are essentially large-scale business enterprises.

Well, I think it would be hard to find anywhere a paragraph as short as that one containing as many completely misleading statements—in fact, I might say so many misstatements of fact. It states that the majority of farmers to-day are not grain farmers. But in making that statement the reference is to the year 1942, when, as all hon. members know, there was a quota on wheat; therefore the farmer was not able to sell the total amount of his wheat in any one year, and naturally his income from wheat was reduced. If a comparison between wheat and live stock income in western Canada is to be made, then surely the comparison should be with income from these sources before the wheat quotas were put into force. If we do that, again referring to the pamphlet issued by the Manitoba federation of agriculture, we find at page 10 that in 1939 sixty-three per cent of the farmers' income was derived from wheat. That is very different from the 21 per cent stated by the mortgage companies.

That, however is not my chief point. I have dealt with it only to refute their suggestion. My main point is that the mortgage companies try to stress the point that the majority of farms are diversified, and that therefore in respect of hazard they can be compared favourably with farms in eastern Canada. I wonder what the people who drew up this pamphlet really think that stock in western Canada lives on. Do they think stock lives on hot air? When there is a drought the grain crop and the hay is destroyed. What do these individuals think the stock lives on? It cannot live on stones and water alone. It is only necessary to go back to the years 1936 and 1937, when the great drought hit western Canada, and when live stock became a distinct liability, to understand the situation. What happened? The situation became so serious that a lot of stock had to be moved out. Feed had to be moved into that area. Before the federal government would move feed into the drought area for the farmers, every farmer obtaining feed was forced to cut down his stock to three or four head per family.

What did he get for that stock in those days? What did he get for it between 1935 and 1937? Perhaps in that connection I might read from a statement which appeared in *The Budget,* issued by the Alberta Wheat Pool on May 29, 1943. This is what they say:

> Cattle Prices Then and Now
>
> Good money is being obtained for cattle at the present time but during the 1930's cattle raising was most unprofitable and those who were engaged in it suffered heavy losses. As proof we reprint the following dispatch which appeared in newspapers some eight years ago:
>
> "Edmonton, February 22, 1935—An average net return of only $1.17½ a head was obtained by the provincial government on sales of 9,881

head of cattle purchased in the drought areas of the province last year, it was revealed in a return brought down in the legislature by Hon. F. S. Grisdale, minister of agriculture.

The return showed that 6,535 of these cattle were brought to Edmonton at a transportation cost of $13,050 and sold for $20,856, or an average of $1.19 a head. Total number of cattle shipped to Calgary was 3,346 at a transportation cost of $7,284. Sales of these cattle yielded $11,319 or $1.22 a head."

When the mortgage companies suggest therefore, that since western Canada is now becoming diversified there is no longer any hazard, it shows just how little they understand the western situation.

The last sentence of the paragraph I read a moment ago is just as misleading as the rest of it, when it says that there are 45,939 farms over 640 acres in size, and that these are essentially large-scale business enterprises. Anyone familiar with the dry belt of the west knows that practically all the farms in that area are of 640 acres or over, and that many of them are over 3,000 acres. And, they are not large business enterprises; they are just ordinary farms. If one is farming in that area he has to have a large one, if he is to make a living at all. And those men need consideration, just as much as the farmers on the half-sections in the park belt, or elsewhere.

Therefore I say it is quite evident that unless the government is prepared to stabilize prices at a fair level, bring down a comprehensive scheme of crop insurance and take steps to adjust debts at the present time, debt legislation to deal with debt as a recurring problem will have to be brought down. If that were done I would be willing to see all farm debt legislation done away with. I should be glad to see the Farmers' Creditors Arrangement Act repealed, and no more debt legislation brought down, in the event of those measures being taken, because I believe we would then have solved the problem. But until that problem is solved, the question of debt will have to be regarded as one which will recur from time to time.

Another point, and one which the minister referred to and which is emphasized by mortgage companies, is that mortgage debt legislation destroys credit. It is well to remember that debt legislation is an effect, not a cause. The cause is depression and drought. Stabilize farm prices, institute crop insurance, and to a very large extent you will be stabilizing credit, because you will be removing the hazards connected with lending money in western Canada. But until that is done it will continue to be a hazardous procedure. Do not place the blame upon debt legislation; place it where it fairly belongs, namely upon the hazards to western Canada as represented by low prices, drought and the like.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. QUELCH: Mr. Speaker, in closing I wish to make a few remarks regarding the funds of the mortgage companies. It is generally said that these funds represent the savings of the people and therefore should receive special consideration. But investments are placed where returns are high, and generally speaking the higher the returns the higher the risk. Money is not placed on farms from philanthropic motives. Mortgage funds are placed there because in the past the returns have been high. The interest rate on mortgages has run all the way from eight to as high as twelve per cent, nine and ten per cent being the general rule in the early days. A farm mortgage is a commercial venture and should be treated as such. Commercial failures have access to the Bankruptcy Act and to the Companies' Creditors Arrangement Act. The farmers should be entitled to similar legislation to suit their special type of business. But the farmer's is the one type of business for which no suitable legislation has been provided by which arrangements may be made to liquidate debts incurred through no fault of his own. A permanent solution, therefore, must be to remove as far as possible the cause of these debts. That is a federal responsibility. Until then suitable debt legislation must be maintained to deal with debt as a recurring problem, and in my view this legislation does not take care of that.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, ever since the Supreme Court of Canada declared the debt adjustment legislation of Alberta to be ultra vires, those of us from the west have been most anxious that the federal parliament should pass legislation to give a measure of protection to the farmers of Canada and particularly the farmers of the prairie provinces. The legislation which is now before us is in my opinion a pitiful reply to a crying need for some action in this regard.

The whole question of debt legislation for the prairie farmers is of long duration. It is a problem which has grown over the years. I do not intend to make a long review of the debt situation. I had intended doing so, but in view of the fact that the session is nearing its close and members are naturally anxious to go home, I think it is unnecessary to make a long review of the debt situation, with its cumulative effects piling up over the last thirty or forty years. Suffice it for me to draw

the attention of the house to the submission made on March 15, 1943, to the federal parliament by the western debt conference. That was not a political conference; it was not made up of persons who could by any manner of means be described as radical. It was made up of representatives of the governments of the three prairie provinces, one a liberal government, another a coalition government, and the third a Social Credit government, and representatives of farmers' organizations from the three western provinces. I think that conference represented a fair cross-section of the opinion of western Canada on this debt problem and they placed their views succinctly before the government.

They point out first of all that this debt problem was attributable in part to the rapidity with which land settlement took place in western Canada from 1906 onwards. They point out that most of the equipment and land and buildings were obtained at high prices on borrowed money; that land was purchased at inflation prices; that interest rates were uniformly high, as is characteristic of any pioneer area.

They point out, in the second place, that the ten depression years had their effect on this debt problem, and that the average gross cash income on the prairies from 1926 to 1929 was $537,913,000, while the average corresponding figure from 1930 to 1941 was $260,600,000. They point out that while the index of prices dropped from 100 to 86 in the protected industries, in agriculture it fell from 100 to 48. They also point out that during the drought years, five years and in some parts of Saskatchewan ten years, drought was a contributing factor to debt accumulation and that during that drought period agricultural income in certain areas of the west declined very materially.

Another thing which this debt conference pointed out was that in spite of the fact that farm prices were better during the war, agricultural income on the prairies for the year 1942 amounted to $462,200,000, and comparing this with the average agricultural income for the three prairie provinces from 1926 to 1929, amounting to $537,913,000, they point out that there is still a deficiency to make up of some $75,000,000 before farm income for the prairie provinces is brought up to that of the average period.

Mr. ILSLEY: They do not include the bonuses, the wheat acreage bonus and the prairie farm assistance, in the $462,000,000, do they?

Mr. DOUGLAS (Weyburn): No, they do not. But they say in the next paragraph that the bonus is more than offset by the increased cost of living from 1926 to 1929.

Mr. ILSLEY: The index was higher.

Mr. DOUGLAS (Weyburn): They point out further that at the present time there is a definite limitation on the amount of grain which the farmer may deliver, and consequently a decided restriction of his income.

These have been some of the factors which have contributed to the present debt situation. It would surprise most people to go over the tables which are found in appendix 4 of the Sirois report entitled "National Income", which was a study prepared for the royal commission on dominion-provincial relations. I have put together three of these tables which show the farm debts of the provinces respectively in 1931, 1936 and 1937, as being typical years, and with the permission of the house I should like to put these figures on the record in tabular form.

The SPEAKER: Has the hon. member unanimous consent to have the tables appear on the record?

Mr. DOUGLAS (Weyburn): Thank you, Mr. Speaker. The tables are as follows:

Farm Debts by Provinces
1931
(In millions of dollars)

	1	2		3	
	Interest on mortgages and other debts	Total cash operating expenses	Percentage of 1 to 2	Grand total cash receipts	Percentage of 1 to 3
	$	$	%	$	%
Prince Edward Island	0 72	3 90	18·4	5 01	14·4
Nova Scotia	1 01	8 91	11·4	12 69	8·0
New Brunswick	0 88	7 77	11·3	9 04	9·7
Quebec	8 87	40 65	21·6	62 19	14·3
Ontario	17 64	89 91	17·4	162 88	10·8
Manitoba	7 19	25 14	28·6	30 49	23·6
Saskatchewan	28 89	74 40	38·8	69 85	41·4
Alberta	17 55	53 04	33·1	69 44	25·3
British Columbia	1 98	13 39	14·8	18 39	10·8

Farm Debts by Provinces
1936
(In millions of dollars)

	1	2		3	
	Interest on mortgages and other debts	Total cash operating expenses	Percentage of 1 to 2	Grand total cash receipts	Percentage of 1 to 3
	$	$	%	$	%
Prince Edward Island	0 66	3 19	20·7	5 18	12·7
Nova Scotia	0 91	8 84	10·3	14 30	6·4
New Brunswick	0 76	7 28	10·4	10 49	7·2
Quebec	7 34	38 46	19·1	72 32	10·2
Ontario	14 61	83 19	17·6	185 28	7·9
Manitoba	5 57	22 08	25·2	45 47	12·3
Saskatchewan	19 58	63 22	31·0	118 73	16·5
Alberta	12 83	45 30	28·3	90 78	14·1
British Columbia	1 69	13 40	12·6	20 88	8·1

Farm Debts by Provinces
1937
(In millions of dollars)

	1	2		3	
	Interest on mortgages and other debts	Total cash operating expenses	Percentage of 1 to 2	Grand total cash receipts	Percentage of 1 to 3
	$	$	%	$	%
Prince Edward Island	0 65	3 49	18·6	5 01	13·0
Nova Scotia	0 90	9 48	9·5	16 65	5·4
New Brunswick	0 76	8 22	9·3	11 08	6·9
Quebec	7 33	42 91	17·1	84 23	8·7
Ontario	14 58	90 88	16·0	213 31	6·8
Manitoba	5 55	26 83	20·7	77 22	7·2
Saskatchewan	19 73	66 41	29·7	85 27	23·1
Alberta	12 74	50 08	25·4	116 47	11·0
British Columbia	1 69	14 32	11·8	23 36	7·2

These tables show first of all the interest payable each year on mortgages in each of the provinces of Canada. They show, secondly, the total amount of operating expenses. It will surprise most hon. members to realize that in 1931 28·89 millions of dollars or 38·8 per cent of the operating costs of the Saskatchewan farmer, was interest; in 1936 it was 31 per cent, and in 1937 29·7 per cent. That is a tremendous charge on operating costs. It is even more alarming to find that, as related to the total cash receipts in the province of Saskatchewan, in 1931 41·4 per cent of the farmer's total receipts went to pay interest, 16·5 per cent in 1936, and 23·1 per cent in 1937. I think hon. members will recognize that in a fluctuating economy such as ours in the west, with incomes varying from year to year, and with so large a percentage of the farmer's operating costs and so large a percentage of the total income going to pay interest on mortgages, the problem is a very serious one indeed. That is why all the prairie provinces have been forced by the pressure of public opinion and by the needs of the situation to pass some debt adjustment legislation.

In 1934 the Farmers' Creditors Arrangement Act was passed by the dominion parliament, and amendments have since been enacted from time to time. The creditor class of this country have always been opposed to the Farmers' Creditors Arrangement Act; they have done everything in their power to have the scope of its activity limited, and it was limited in 1938, with the result that for some years only the provinces of Saskatchewan and Alberta came within the benefits of that legislation. As public opinion developed in western Canada and it became more and more apparent that every government in the west was going to pass debt adjustment legislation which would give greater benefits to the debtor class, this legislation was taken to the courts, and last year the Supreme Court of Canada declared the western debt adjustment legislation to be ultra vires. I think it is significant that there

was no question of challenging the validity of that legislation until such time as it became apparent that the pressure of public opinion was going to force that legislation to become more and more useful in the interests of the debtor class. As that became apparent the power has been taken away from the western provinces where the pressure of public opinion in that direction is so strong, and is now to be vested in the dominion parliament.

When it was learned that the matter was to be referred to the dominion parliament, the three prairie provinces joined together for the purpose of making representations to the government, and this they did last summer, last fall, and again this spring. They presented "an act to provide for the adjustment and settlement of debts of farmers." I think it is interesting to notice the difference between that title and the title of the legislation now before the house. The legislation which this house is about to decide upon is "an act to facilitate compromises and arrangements between insolvent farmers and their creditors." It might better have been called "an act for the liquidation of farmers."

It is significant to read the proposed act which was submitted to the federal government by the debt conference and compare it with the legislation which is now before the house. I wish to draw attention to some of the differences in the two pieces of legislation.

First, may I draw attention to the difference in the powers which it was proposed should be given under the debt conference proposal and the powers which are to be given under the legislation before the house at this time. The act recommended by the conference suggested, under a proposed section 9, that—

(1) Upon application of any farmer who is unable to meet his liabilities as they become due, the board shall have the power to formulate a plan of settlement with respect to any debt or debts of the farmer which will, in the opinion of the board, ensure that the farmer will continue to farm the land and be an efficient producer.

(2) Without derogating from the generality of subsection (1) and regardless of when the debt was incurred or whether the debt is secured or unsecured, the board on formulating the plan of settlement may:

(a) alter the terms of payment of any debt;

(b) reduce the principal and/or interest of any debt;

(c) reduce the rate of interest on any debt. . .

In the proposed act the powers which were to be given to the board that was to settle and adjust debts are definitely set out. Under the bill now before the house—I shall not read from it, because we will do that in committee—the matter is to be referred to the courts with power to compose, arrange or extend. This is a serious departure. The board which was set up in 1934, headed by a judge, started out with a judicial aspect on this question, with all the sense of property rights peculiar to the judiciary. The result was that the adjustments in the first few years were pitifully small and inadequate. The government itself recognized that. Later a new board was set up, and as that board went around the country and became familiar with conditions its adjustments became more generous, with the result that some of the adjustments made in recent years have been fair and proper. The reasons to my mind are twofold. First, this was a board which had moved around among the people and become aware of conditions. I personally have listened to cases being heard before them, and that in places where the atmosphere of the neighbourhood would have its influence upon the decision. Second, on that board there would be other than the judiciary and it would be possible for the farmers' representative to present the farmers' point of view. But under this new act the whole matter is to be left to the judge; there will be no farmer representation sitting in, no board which has been able to develop a liberal and sympathetic view over a period of years. I think that the setting up of this court with its limited powers is a retrogressive step.

In the next place I want to point out that under this proposed legislation which was placed before the government there was a provision by which the farmer's equity would be preserved in the event of any adjustment which might take place. In section 15 of the proposed act we find this:

In exercising its jurisdiction and powers and powers to formulate a plan of settlement and without limiting its discretion in any way the board may consider and determine inter alia the following matters:

(1) The value of the farmer's interest in the farm lands as represented by the amount of money, principal and interest paid by him to the vendor, mortgagee, encumbrancee, or other creditors in respect of the land, and the amount of cultivation, improvements or labour made or expended by him in bringing the lands to their present productive capacity;

(2) The ability of the debtor to pay and to that end to arrange the payments of his creditors in such amounts and at such times as the debtor may reasonably be expected to meet, having regard to his present and prospective capability to perform the terms and conditions of the plan and having regard to the productive capacity of his farm;

(3) The cost of maintenance of the debtor and his family at a reasonable standard of living and the current expenditures reasonably necessary in the operation of his farm.

There are three fundamental principles: (1) that in the adjustment of any debt the farmer's equity shall be preserved and guaranteed; (2) that his ability to pay shall be taken into consideration on the basis of the productive capacity of his land; (3) that the cost of maintenance of himself and his family shall be regarded as one of the vital considerations in making an adjustment. I find nothing like that in the proposed legislation. The whole power put into the hands of the court shows an ingrained sense of property rights, with no provision at all to guarantee that the farmer's interests and his equity shall be maintained.

I call attention to another point, and that is that in the proposed act submitted to the federal government there was a recommendation that would take care of future contingencies. No board and no judge can say to a debtor and a creditor: "Here is a settlement. You, the debtor, will pay to the creditor a certain amount of money per annum. This case is now closed once for all." That cannot be done because such a settlement is based on the assumption that the farmer's crops will continue to materialize and that his income will remain more or less stable. But we know from sad experience in the west that that does not happen. We have had periods of drought and periods of depressed prices, and an adjustment made to-day may be impossible of fulfilment five years from now.

The proposed act placed before the federal government dealt with that contingency. Section 24 provided:

A farmer, in any year in which his income from agriculture together with any other income he may have is not sufficient to meet his liabilities payable in that year as they become due, may apply to the board for directions as to how he shall distribute that income. The board, after allowing for the reasonable needs of his family and the requirements of farm operations until the next harvesting season commences, may direct how his income from all sources shall in that year be applied, and upon the farmer's compliance with these directions, the farmer, notwithstanding any contracts he may have made, shall not in law be regarded as in default with respect to that year's liabilities, and unless with the consent of the board no action or proceeding shall be taken in respect of such liabilities and the farmer's said income shall not be subject to garnishment or attachment or seizure or any legal process.

I submit to the Minister of Finance that the absence of any provision such as that in this bill, or in the regulations which will be issued under the act, will jeopardize the success of this legislation. I refer the minister to a statement which appears in "Prairie Population Possibilities: A study prepared for the Royal Commission on Dominion-Provincial Relations by W. J. Waines." I call the minister's attention to the following, on page 54:

Farm Debt—the need for a more flexible instrument than the Mortgage.

The burden of this rigid interest cost fluctuates greatly from year to year. Since 1928 it has varied from less than a tenth to nearly a third of the total gross cash receipts (8 per cent in 1928, 31 per cent in 1932 and 14 per cent in 1937). It is, however, net operating income, not gross income, out of which interest on debt and the living expenses of the farm family have to be met. Between 1928 and 1932 the share of the net cash operating income taken by interest rose from a tenth to nearly three-quarters. In 1937, after considerable amounts had been written off and interest rates reduced, it still amounted to about one-quarter of net cash operating income. In years of good crops and higher prices, the interest cost can be met relatively easily; in years of low income, resulting either from poor crops, low prices, or a combination of both such as was experienced during the depression it becomes an almost impossible burden. Defaults and the accumulation of arrears are the ways of escape. Under these circumstances there is a very strong case for the use of a more flexible instrument of farm finance than the mortgage—an instrument which will give the "lender" a proprietary share in the income of the farm enterprise rather than a fixed annual claim against it.

Failure to provide some flexible instrument for future settlements will condemn this legislation before it is many years old.

Let me indicate another serious omission. Subsection 2 of section 18 of the proposed act submitted to the government by the debt conference had this provision:

(a) Every proposal under the Farmers' Creditors Arrangement Act may be revised by the board upon the application of the debtor within five years of the date of this act coming into force.

(b) Upon the application of the debtor to revise a plan of settlement made under the Farmers' Creditors Arrangement Act, the board shall have the same powers and the revised plans shall be subject to the terms and conditions as if made in the first instance under the provisions of this act.

That was a good suggestion. I do not know that five years is the right length of time; it might be longer or shorter; but if we are to allow for a probationary period during which they could see how the settlement worked out, and if in the first five years it were found impossible to fulfil the conditions and terms of settlement, the creditor could bring his case once more before the board and have some adjustment made. If, however, the plan of settlement operated successfully for five years, they suggested that from there on it should be accepted as a fixed settlement. But they did provide for some probationary period.

I see no provision of that sort here, and I think that is a serious omission. That is

certainly what ruined the Farmers' Creditors Arrangement Act in the early years. Proposals were formulated when those who were formulating them had little or no experience in administering legislation of the kind. The result was, if I remember rightly, that the average cut in debt was about 16 per cent in the first year or two. That grew in some instances to as high as 47 per cent in later years, because the first boards were timid and were feeling their way. But the fact remains that the people who came before the boards were penalized because they happened to be the first to come under the legislation. The settlement was final. I appreciate the fact that under the new legislation those people who came in prior to 1938 will be able to have their compositions reexamined, but I do suggest to the minister that there should be some provision for a revision of a case in which the debtor finds that the terms of settlement are beyond his powers to fulfil.

One more observation I have to make with reference to this bill. There is a provision of the bill now before the house which does not appear in the proposed legislation placed before the government by the western debt conference. I should like to know who is responsible for it. I refer to the right of appeal to the appeal court. It is no secret that ever since the proposed act to which I refer was placed before the government by the western debt conference a persistent and determined lobby has been carried on throughout this country in editorial columns of the newspapers, and in the form of brochures that have been sent to members of parliament and scattered widespread throughout the country, against the type of legislation proposed by the debt conference and seeking either to prevent any such legislation being passed or so to weaken and dilute it when it did come to the house that it would have little or no value.

In my opinion section 23 of the bill is nothing more or less than a sell-out to the lobby that has been carried on by the creditor class across Canada. Who is going to receive benefits from this provision? Certainly not the debtor class. The people who can best afford to appeal, the people who can best afford to wait, the people who can best afford to go through the legal procedure will always be the mortgage company and the trust company. I think this measure can be condemned on that section alone, because it would appear that the only proposal that will be formulated is the proposal in which the creditor feels he has more than an even break. When he feels that he has not more than an even break, he will put the debtor to all the trouble and expense of taking this matter to the appeal court. No matter to what extent you may try to save him legal expenses by providing legal services, there are other expenses which must be met by a farmer travelling to town when his case is to be heard. Other trips will have to be made to see other parties; he will have his travelling and living expenses when he has to stay in town a few days while his case is pending. These things may not seem important, but they are important to people who have not much money to travel long distances. Every time you grant the right of appeal, that is a privilege to a privileged group rather than to the people whom this legislation is supposed to assist.

In my opinion the farmer has become the victim of both ends of the economic process. He has become the victim at the one end because we have failed to give him parity prices for his products, and at the other end we have failed to give him adequate protection against the loss of his home. All that this bill proposes to do is to provide debt postponement. It is not a solution; it is simply debt postponement which will put off the day of reckoning so that the farmer may be kept on the farm as a producer and as one upon whom the creditor class may levy a tribute. But in the way of solution by removing the debt, in the way of reinstating a farmer on his farm as the owner or operator of that farm, there is nothing in this measure to provide for that. I agree with the hon. member for Acadia (Mr. Quelch) when he says that if the government established a system of parity prices and crop insurance for the farmer we would not need debt legislation, because the farmer could take care of himself. I maintain that as long as the government is going to continue to make the farmer the orphan or the stepchild of our economy, he has a right to expect legislation which will not merely postpone the day of reckoning but which will deal with the fundamental problem of debt. I fail to see anything of that nature in this bill.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, the very important part which the farmer plays in our economy entitles him to any adjustment of debt which was incurred during those difficult times known as the depression. Reference has been made to the conference held by the three prairie provincial governments. I propose to take only a few minutes to make some general remarks, and then when the bill is in committee I shall probably ask a few questions with respect to some of the sections. I think the proposals put forward by this conference should have

received a little more consideration, because they represented the general opinion, not only of the farmer of western Canada but of the merchant and the other classes which are dependent upon the success of the farmer.

I do not think it is necessary to give any figures with respect to farmer debt or the portion the farmer receives of our national income, because these figures have been placed before the house on many occasions. I think we are all agreed that the farmer should receive a little larger share of the national income. It is generally recognized that there must be some means of adjustment by which the farmer may be taken out of his debt difficulty. All we want is something that is fair. When we consider this bill we realize that it will mean bankruptcy to many farmers. They might just as well go bankrupt and be done with it. I admit that a number of reasonable adjustments have been made under the previous act, but that was due to a great extent to the fact that the farmers had representation on the board of review; that the proposals were made by someone representing the farmers and who had had personal experience in farming and knew the difficulties under which agriculture was being carried on.

As the previous speaker (Mr. Douglas) has said, this bill substitutes a district court for the board of review when the creditor and debtor cannot come to an agreement. There is an appeal to the appeal court. I think there must be some final appeal, and there is no question that it should be to a court. Debts incurred prior to 1935 are really in a special class. They were incurred during the previous ten years, or at least during the previous eight or nine years when farmers were passing through a most difficult period. This bill provides that if in making a proposal two-thirds of the debt has been contracted prior to 1935 and is taken into consideration in the proposal, then they will consider all debt up to the present time. I think that is good as far as it goes, but some special consideration should be given to this debt, or there ought to be some means of handling debts contracted prior to 1935 because they are in a different class.

There are one or two principles in the bill with which I cannot agree. One is that the farmer cannot sell his farm within five years after a proposal has been made; if he happens to find a purchaser he cannot sell without the approval of the receiver. Also he cannot sell any of the products from his farm unless he accounts to the receiver. Therefore he is practically in the hands of the receiver in regard to selling any of his farm products.

The rate of interest is dealt with at page 14 of the bill, and I feel that this section must be revised and a lower rate substituted. I want to make a plea also for those in the west who are operating farms though not residing on them. Many men who have retired, either because of age or as a result of physical disability, are living in towns but are still operating their farms, and the definition of a resident farmer should be cleared up. As I understand the bill, a man must actually reside on the farm. I recall that in 1934, when the first Farmers' Creditors Arrangement Act was being considered, I made a special plea on behalf of these people and received quite a good deal of support from various hon. members of the house. Men who, though not residing on the farm, pay all the expenses, own the machinery and have to meet the debts incurred in previous years, cannot take advantage of this bill, as I understand it, and they should be given some consideration.

The bill also provides that no farmer shall be entitled to make more than one proposal, and I believe that provision should be repealed. As I have said, I am not going to take much time in this debate; I desired to speak generally just for a moment or two. However, I have received some letters in this connection, one of which I have in my hand, coming from the council at Balgonie, in Saskatchewan, asking me to make certain representations in regard to the interest rate, which I have done. These letters, I may say, were written before the bill was printed. They also suggest that applications be accepted from executors, which I think is provided in the bill, and they think the farmer should be permitted to make a second proposal. These letters also mention one or two further suggestions which I do not think are quite reasonable; therefore I am not presenting them at the moment, though I may do so at another stage. All I have to say now is that I hope the minister will give consideration to amending some provisions of the bill as we go through it in committee.

Mr. ROBERT FAIR (Battle River): We have waited quite a long time for the bill now before the house, and I must say that I am just as much disappointed in it as any of the hon. members who have already spoken. Being one of the victims of circumstances over which I had no control, I feel that I might give a few instances that would be of interest to the house. I started in western Canada in 1914, working on a farm to get experience while somebody else

got the profits. I worked on that farm during 1914 and 1915. In 1916 I started on my own, and during 1916, 1917, 1918 and 1919 I did not thresh as much grain as I had put into the ground for seed. That was the start I had as a practical farmer; and over that period I had to work at anything and everything I could get to do in order to pay the interest on the money I owed. Needless to say I was much further in debt at the end of that four-year period than I was when I began, though I had put in four hard years and somebody else had reaped the benefit.

I do not think there is any particular need for me or anyone else to waste much time in telling of the trials and tribulations through which the farmers have gone, because the representatives of the three western provinces laid their case plainly before the government, backed by all kinds of statistics. But we find that another group has been to the government and presented its case, and from the make-up of the present bill I feel that this group must be the power behind the scene. The farmer is being used to produce, and somebody else reaps the profits. From my own experience I can truthfully say that if I had not worked at anything and everything I could get to do outside of the farm, I would have been on the road many years ago. However, I built up the most economical farm unit I could; I made use of every bit of help I hired. I worked every hour I could, more than once going for thirty-six hours without sleep, and I am still on the farm; but if it had not been for money I earned in other work I would have been on the road with hundreds of others who have had that unpleasant experience during the years I have been in Canada.

When I was home on my last visit, just before getting on the train to return to Ottawa a farmer told me his latest experience with the mortgage companies. He had obtained a loan of $9,500 on his land and buildings; he had paid back $6,500 and made improvements to his farm worth $1,200, but finally was forced on the road. To show that land values change very drastically, immediately after this farmer was put on the road, his farm was sold for $2,400, though some time previously he had been able to get a loan of $9,500 on it. Only this morning I received a letter from a soldier settler who has been served with thirty days' notice to vacate. He gives a little of his history, and then says:

> Following the 1929 crop failure, I was clear of debt in the spring of 1930 and had $600 cash. Although I had five thousand bushels of wheat that year. . . .

[Mr. Fair.]

I know the district in which this man resides, and I know there was a crop failure in 1929.

> . . . I went $1,500 in the hole on the crop; 17½ cents for wheat, 9 cents for threshing, 5 cents for hauling, leaving 3½ cents for all other expenses. Before I got over that I had lost a new binder and a threshing outfit I had bought, and the years of low prices which followed, combined with the outside work I had to do to keep the farm running at all, broke my heart and I was in hospitals and bed for two years and couldn't work for two more. But I am just naturally optimistic. This spring I went to work against doctor's orders and I put in 250 acres of crop with very little help. And although I am played out right now I think I will get over it in time for harvest.

This is only one of the instances which could be cited to show the adverse conditions through which the farmers have been passing. I remember distinctly that in 1930 on my own farm I threshed 10,600 bushels of wheat and over 5,000 bushels of oats. The wheat averaged me 12½ cents a bushel, and it cost 11 cents a bushel to thresh. I believe we paid 7 cents for threshing the oats, and sold them for 14 cents. While those things were happening I continued to pay eight per cent interest, and nothing was said about it. A number of other farmers were paying exactly the same rate. The bill before the house to-day is one of the results of the policy carried on at that time, and the condition then allowed to develop.

While we were getting those prices for our grain and other farm produce, when we were selling hogs for two cents a pound, eggs for three cents a dozen and butterfat for nine cents a pound, when we were receiving prices of that kind for our products, the price of our farm machinery climbed every year, with one exception. In that year there was a reduction of about $5 in each implement we had to buy. So that I do not feel that the bill introduced to-day goes far enough. At present we have a ban on communism, and unless something is done perhaps we will need one or two other bans in the very near future; because from the way farmers are being treated to-day, and have been in the past, there is no possibility of their getting out of debt. When the farmer is compelled to produce below the cost of production, and pay up principal and interest on debts accumulated some time ago, during depression and previous years, there is no possibility whatever of his getting out of the hole, despite the fact that he works 150 per cent of the time worked by other labourers in Canada. Before farmers can even begin to put their house in order they will have to have an equitable debt adjustment act. In addition we must have parity prices

for agriculture, because, as I pointed out on several occasions, regardless of what conditions may be brought about, when the farmer is compelled to produce below the cost of production he must of necessity go on the rocks.

As the hon. member for Acadia (Mr. Quelch) made out a strong case this morning, I do not intend to add anything further at this time. I shall content myself with dealing with the sections of the bill when they are before the committee.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, I should like to say a few words respecting the general principles of the bill introduced a few days ago by the Minister of Finance (Mr. Ilsley). The measure is a new one, but it seems to me it follows closely the previous act known as the Farmers' Creditors Arrangement Act. This it seems to me is a desirable feature in that the principles of the Farmers' Creditors Arrangement Act, so far as it was applicable in the different provinces of Canada, are reasonably well understood. Under these circumstances the machinery of the organization now to be set up will also be understood before it begins to operate. The fact that people are familiar with the operation of the old act will assist in the operation of the new one when it becomes effective.

I do not think any useful purpose would be served at this time in going over the history of the Farmers' Creditors Arrangement Act, and what has happened in connection with its operation, particularly as it has affected different sections of Canada. When that act was first introduced it was applicable to all of Canada. At different periods, from then on, action was taken by which various provinces were removed from the application of the act, and eventually it reached the point where it was applicable only to the three western provinces. In 1938 its operation in Manitoba was discontinued. That, however, was not because of any action on the part of the House of Commons, but because of one particular feature which has been attended to in the present measure.

The new legislation differs from the old in that it provides a change in the machinery of administration from the principle of using official receivers and boards of review to that of using county clerks and the judiciary. So far as I am concerned, I am bound to say I would much prefer to a continuance of the use of official receivers. I believe official receivers, when carefully selected, would have a different approach to the matter than would many of the county court clerks. Moreover, as I understand the set-up of judicial districts, particularly those in western Canada, they cover large areas. So that if there is to be only one county court clerk in a judicial district, to act as an official receiver, it will cause great inconvenience to many farmers who would have to reach a particular centre to make application under this measure. I submit therefore that that particular feature of the machinery should have further consideration. I understand that for certain purposes provision is made for additional appointments; but I submit that in this particular regard judicial districts are too large for administrative purposes, and particularly for farmers wishing to have their cases in order.

The other change in the measure, having to do with the arrangements for appeal, presents the difficulty which developed when the old act was under consideration, and particularly when it was considered in another part of this building. There should not be any objection to the right of appeal. It has many things in its favour, and while some may believe that to some extent it is a hardship on the farmer to have him subjected to further appeals in that regard, yet it has the advantage of at least assuring greater uniformity. So far as additional costs are concerned, as I understand the provisions of the measure such costs need not be charged up against the farmer. It is more likely that they will be charged against the mortgage company or the creditor who will exercise the right of appeal. So that I do not believe the farmer's position is prejudiced to any great extent in that regard.

The other change appearing in the new measure which is of great importance to Manitoba is the provision through which that province may be brought within the scope of the act, along with Saskatchewan and Alberta. This has been one of the controversies among farmers in Manitoba for some time. They claim, and with sound grounds I believe, that Manitoba has just as much entitlement to the provisions of the act as the other two western provinces. We are therefore gratified to see that this measure is made applicable to Manitoba.

Like the earlier legislation, the principle of the measure is founded upon the idea that the efficient farmer shall be maintained on the land. It might be just as well, when we are considering the bill, to refer to some of the declarations that were made when the act was under consideration in the session of 1938. Following some observations I had made at that time, Mr. Bennett used these words:

It was predicated upon two considerations. The first was that it was desirable to keep the farmers on the land. That was part of the

preamble of the act, that they should be retained in possession of their farms. The second was that inasmuch as under section 7 of the Bankruptcy Act a farmer could not take advantage of the provisions of that statute, we should without making him bankrupt give him all the benefits which would accrue if he were able to take advantage of that statute.

Later on the same hon. gentleman used these words:

> Just as soon as it was apparent that this legislation was on the statute books, these voluntary arrangements became the order of the day. As soon as it was apparent that by voluntary effort and cooperation these arrangements could be carried out, when the extent to which the statute went was not generally known, these settlements were made.

That is a principle of this legislation which I think it is desirable to have in mind and which I, and I think many of us, hoped would be the scope of legislation by which voluntary settlements could be arranged and then given the force of law. We have had experience in the past of voluntary arrangements being made with no provision for bringing them into effect by law, and occasionally difficulties arose with respect to them later. But with this machinery many settlements may be effected and given final approval by the court.

I recall the discussions when the previous act was under consideration. One of the things that stood out at that time was the circumstances of a farmer who had placed a mortgage on his farm and then ran into a certain amount of difficulty and found himself unable to keep up his payments, which got further and further behind until the burden became altogether too great for him to carry. We have all seen cases where the mortgage company or whoever had a financial claim on the property exercised the right of foreclosure and obliged the farmer to leave what was virtually his homestead property, the home to which he had become attached during his lifetime, the home that had a great deal of sentimental value for him, and in so many cases we have seen that farm which the farmer was forced to leave resold to someone else at a lower valuation. When one considers the sentimental attachment one has for his home, it is a pretty hard thing for anyone to be uprooted from the place where he has been living a lifetime and then see the property turned over to someone else at a lower price than that at which it would be given to him to enable him to carry on. Machinery of this kind can take care of such cases.

So far as Manitoba is concerned, I confess that from a factual point of view I am not in a position to say to what extent the legislation is required or is desirable or necessary. We have had in our province, as in the other provinces, provincial debt adjustment boards which have had a very considerable effect. They have, however, no authority, and it was not intended that they should have authority, to compel adjustments except to a limited degree. But they did have the effect of taking care to a very considerable extent of conditions that were to say the least provoking and pressing. In the main that is a very satisfactory type of legislation, particularly if it could be understood that it would be adhered to. But in view of court decisions with respect to the Alberta legislation the general feeling in Manitoba is that it is only a matter of time before our provincial debt adjustment legislation will be challenged and declared ultra vires, and then we shall have no debt adjustment machinery and no machinery at all for controlling the debt situation in Manitoba. We are therefore very anxious that some machinery shall be set up to take care of the debt situation among the farmers of that province, if for no other reason than the possibility of the provincial debt legislation being discarded. The legislation is supported, perhaps not in exactly this form, by the provincial government which joined with the western debt conference in representations to the federal government for legislation, perhaps not exactly like what we have before us, but in principle something akin to it. The federation of agriculture in the province of Manitoba has also been strong in its advocacy of debt adjustment legislation.

Mr. BLACKMORE: Not like this.

Mr. WEIR: Perhaps not exactly this type of legislation, but I think we must have regard in this house to what happened to similar legislation elsewhere, and while the house may be prepared to go further than this legislation does, I am not too sure that it would result in the measure becoming law.

I want to give one or two illustrations which the secretary of the Manitoba federation of agriculture has been kind enough to forward to me. First is the case of a man who borrowed $7,500 to erect buildings. The buildings erected amounted to $9,100. He paid in principal on that loan $1,500, and in interest $6,500. Through a series of dry years he found it impossible to meet his obligations, and at the same time he was compelled to reduce the number of his live stock considerably, until finally he found himself in such difficulty that he was obliged to give up his farm before it was foreclosed.

Another case is that of a farmer who in 1909 borrowed $9,000 at seven per cent interest. He paid off in principal and interest—there is no division between the two in this

memorandum—over $22,000, and when he tried to effect further adjustment was refused any consideration although the loan had been reduced to $3,100. So that we still have plenty of cases in Manitoba which need adjustment.

I mentioned a while ago that we have a provincial debt adjustment board in Manitoba. It has done very good work and has been of real benefit to the farmers who were having difficulties in financing their operations. I have not a full record of what they have accomplished since the Manitoba debt adjustment act was enacted, but I have before me a summary of the operations of the board for the past two years. In the year 1941 the board dealt with 315 mortgage cases, 59 agreements of sale, and 784 tax sale applications, a total of 1,149 cases, in which certificates were requested to take foreclosure proceedings but were refused. In 1942, 333 mortgage cases were dealt with, 103 agreements of sale, and 588 tax sale applications, a total of 1,024 farm cases where certificates were refused. All the board was able to do in these cases was to refuse a certificate to allow a sale, whether it was a tax sale, or foreclosure proceedings were to be instituted. In addition to that the board has been able to effect many compromises and agreements with the creditor class. In all, with the cases dealt with by them over a two-year period, they claim to have effected, in principal and interest by mutual arrangement, reductions to the extent of $444,000. So that while some may argue, and I suppose they will, that Manitoba, having got along without this debt adjustment legislation for some time, can continue to do without it, that is not the case; I contend that Manitoba is just as much entitled to legislation of this kind as are the other western provinces.

The hon. member for Weyburn (Mr. Douglas) referred to what he called the propaganda which had been instituted by different organizations in connection with debt adjustment legislation, and particularly the application of the act with respect to certain cases. The pamphlet to which he referred, published by the Mortgage Loan association—

Mr. DOUGLAS (Weyburn): There are several.

Mr. WEIR: —has cited cases in which it contended that there was extreme unfairness and lack of stability in types of settlement which were arrived at. I just want to say that I hope it will not be thought that an accusation of this sort was directed to the application of the act in the province of Manitoba. In support of that submission I would quote the following from an editorial article in the Winnipeg *Tribune* of May 29, 1943, dealing with Manitoba farm credits:

> In Manitoba it is generally conceded that administration of the act up to its termination in this province on June 30, 1939, was eminently satisfactory. Of the forty cases cited in the pamphlet, "Abuses of Arbitrary Debt Adjustment," not one occurred in Manitoba. This pamphlet, issued by the Dominion Mortgage and Investments Association, is based on representations made to the Dominion government by the association in answer to submission made by the three prairie provinces governments.
>
> The cases cited, therefore, do nothing to refute the *Tribune's* contention that the operation of the act should be restored in Manitoba as requested by the government of Manitoba. In view of the excellent reputation of the government of Manitoba in the matter of safeguarding credit and upholding the fulfilment of contracts, its request for restoration of the Farmers' Creditors Arrangement Act in this province should be met by parliament.

I just refer to that as an assurance that in the general opinion the act has been fairly administered in Manitoba, and that no cases have come to our knowledge wherein abuses in its administration could be charged.

I believe the chief value of legislation of this kind is the settlements which can be made under voluntary arrangements. When these voluntary arrangements can be arrived at and given the effect of law, it is a desirable method of effecting adjustments of debt—which after all, is a pretty serious matter.

I want to say just two or three other things with respect to the set-up proposed. Provision is made for an appeal to a judge sitting as an appeal court. I hope the minister will exercise great care in the selection of men for these positions. I confess I am not sufficiently familiar with the personnel of our provincial courts to make any particular comment, but it seems to me that the successful operation of this act will depend a great deal on the type of men who constitute the appeal courts. I suggest that this question is sufficiently important to justify the minister in going further than he has done with respect to dealing with appeals. I have no knowledge of the set-up of the judiciary even in Manitoba, let alone the other provinces, but I submit this is an important enough feature of the administration of this act to place it in the hands of a board. Leave your judge on it if you will; I think that is quite proper; but let there be associated with the judge experienced, practical agriculturists, persons who will give some assurance of a wider background including the agricultural set-up in the province. It would mean a good deal to the administration of the act and would constitute, I believe, an important improvement in the general administration.

I would even go so far as to say that the minister might well consider providing for the supervision of cases after adjustment. We have in the west mortgage companies which are using agricultural field men; they have found it profitable to do so. These men are advising their tenants or land operators on methods of farming and matters of the kind. We also have in all the western provinces agricultural representatives who are in a position to give practical advice on farm administration and kindred matters. In addition there are farm loans appraisers in Manitoba, and soldier settlement board representatives in the various provinces. Therefore I think it would be quite proper to include a provision in this legislation that men whose debts are adjusted under it shall be placed for a period of years under a measure of supervision by some responsible organization such as I have suggested.

That is all I desire to say in this respect. I repeat that I am glad that the legislation is to be made applicable to my province.

Mrs. DORISE W. NIELSEN (North Battleford): I do not wish to take up the time of the house in repeating what has been said, but I should like to support entirely what has been said by the hon. member for Acadia (Mr. Quelch) and the hon. member for Weyburn (Mr. Douglas).

I regret very much that the minister has waited until the dying hours of the session to bring in this bill, because it affects many hundreds of thousands of people and is of tremendous importance to our people in the west. It may appear to the minister and to the government that the type of legislation which they are bringing down at this time fulfils a certain need, but that if a longer range view is taken of this question it will be found that you are destroying the fundamental faith of our people in the land. We in Canada have always considered that agriculture is our basic industry, that it supports large numbers of people, and that the general prosperity of the country depends to a very great degree upon that foundation of our agricultural population. I know that in the future we are going to become a far greater industrial country, but still there is a future also for the vast prairies and the people who live on them.

I have received much correspondence on this question and it seems to be always the same type of complaint more or less that is voiced. Only on June 30, from someone living in my own part of the country, I received the following letter. My correspondent is a woman. After a few introductory remarks she says:

We have just received a summons from the Saskatchewan farm loan board re foreclosure on our homestead filed thirty years ago in 1913. There is no need to tell you what we have gone through these last years—depression and relief. Of course, payments were not made and interest accumulated. We began on this land with four children and no cash at all. We were glad to work out to keep the family, and have worked on the land with the time we have had left. Together we have raised fourteen children. We have one hundred acres broken now and we are going to lose all that and the work we have done through the years, because the years were lean and the crops failed. There does not seem to be much relation between a thing like this and the words spoken in mid-Atlantic by those two men, Churchill and Roosevelt—that all men should have the privilege of living their lives in freedom from fear and want. Do you know what will happen to this land of ours? It will be sold for a hundred dollars or so to land-grabbers who happen to have the ready cash. It has been done in three instances. One farm was sold for $25, another for $75 and a half-section, nearly all broken, for $400. But we who have done all the work—not a penny will be left for us. We have to pay in full or lose our land.

This courageous couple who raised fourteen children are going to make a start now in their old age in a new part of the country and build a new home for themselves. It seems to me that rural children and the farm people have supplied, and will continue to supply, and continue to be the reservoir for the supply of many fine citizens to this nation. But in the bill we have before us at the present time we are destroying the faith of the people in their ability to live and make and maintain a home on the land. This particular couple raised fourteen children—what a contribution to Canada that in itself was. We say we want more Canadian-born people in Canada—Canada for Canadians; but is this any encouragement to people to raise large families? In the future our farm people will not go in for large families. If this couple had not had fourteen children they might have been able to get along better, to maintain themselves and keep their home. But they did their best to feed, clothe and bring up fourteen children, and to make them decent and law-abiding citizens, and now in their old age they find that their home is gone—everything is gone.

I cannot help feeling that the scheme embodied in this bill, although in a short-range view it may appear to satisfy the needs of the moment, will be found in the long run to be one of the most disastrous measures brought into effect for the rural people of Canada.

Mr. ANTHONY HLYNKA (Vegreville): I rise to make a few observations on the proposed debt act now before the house. The farmers of Canada, I am sure, have been waiting with a great deal of impatience for the federal government to pass adequate debt legislation which would once and for all time solve their debt problems and offer them some means of protection. But as we see it this afternoon, and judging by the bill which has been brought in, the proposed legislation was drafted not for the protection of our farmers but for the protection of the interests of finance. I should like to make that statement as plain as I possibly can, because members who come from western Canada have to deal with a great number of debt cases. It is almost impossible for one to realize that farmers, who have given their best to the upbuilding of Canada, are finally thrown out on the road. The people of western Canada in particular will be greatly disappointed that the government did not see fit to bring in a measure which would adequately take care of the debt situation in Canada for all time.

It seems futile to argue with the minister or with the government or to point out that this debt legislation falls far short of what our people were expecting and to what they are entitled. The government seems to follow a traditional policy of ignoring the pleas and the demands of the farmers. Let me read a short clipping from the Calgary *Albertan* of May, 14, 1943. I believe it will throw light on the subject:

> Farmer Evicted. Gaoled. Goods, Family, Left on Road
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> Edmonton, May 13.—Edwin Broder, 51-year-old farmer of Edmonton went to gaol for seven days to-day at the order of Police Magistrate A. I. Millar on conviction of a charge of obstructing eviction proceedings which left his furniture piled on a public highway and his wife and eight children without a home. The eviction order was made in the supreme court. The evidence indicated Broder tried to stop the sheriff's bailiff from carrying it out. "You had been told to get out?" asked the magistrate. "Yes," replied Broder, "but no one likes to lose his home. He will stay as long as he can." "The supreme court must have had a good reason for issuing the order," said Mr. Millar. "There may have been a reason and there may not have been a reason," the farmer answered. "I bought a quarter section of land for $4,800 on time in 1916. I raised a family of eight children, paid the owner of the land $5,600, and I still owe $5,600. I had to go through the depression years and I was hailed out a year ago." Neither Broder nor the court disclosed the circumstances surrounding the eviction order. Meanwhile the farmer's wife and family were taken in to be cared for by neighbours.

That is the sort of thing we have to contend with in the prairie provinces. The proposed act brought in by the minister is not good enough. It may have been a good start ten years ago, but to-day, after our farmers have been struggling for more than ten years under the most adverse circumstances, it is not good enough to bring in a measure of this sort, which does not contain a single recommendation made by the farm debt conference. Let me ask the minister this question. If he is not going to listen to our farmers and accept their suggestions, whose suggestions is he going to consider? When dealing with farm debt or with farm problems the government should take the advice of members of our agricultural communities and farm organizations. This idea of forcing anything at all upon our farmers, whether they like it or not, is entirely out of date. I am certain the farmers will not receive this bill with any hope or encouragement.

At this time, more than ever before, the farmers of Canada are expected to produce more than ever before. This they must do with depleted machinery, shortage of labour, and having to pay high prices for everything they buy. Whatever he may get in return, even though fair prices are being paid for a number of commodities, the average farmer in western Canada is still not in a position to carry on and pay off his debts. It is pitiful that, while farmers' sons are serving this country overseas, the financial institutions are taking advantage of the situation and are foreclosing upon farmers by thousands. It is most unfair.

The suggestion has been made both in the press and in this house that there are farmers who are inefficient. Anyone who dares to call our farmers inefficient, I do not care who he is, does not know what he is talking about. The farmers of Canada have produced all the foodstuffs that were required, and they are producing all that is required to-day. They are carrying their burden nobly and at great sacrifice. Yet some men even dare to suggest that there are inefficient farmers. Surely the farmers have never failed this country. For many years they were placed in such a position that they could hardly exist, and this would discourage anyone from continuing to produce without a fair return to which one is entitled.

I have clippings here which show that the farmers of Canada have done their best to meet their debt obligations. The *Globe and Mail* of May 9, 1942, contains an article by Mr. Wellington Jeffers, financial editor, which reads:

> Farmers in both the United States and Canada have been paying off their farm debt as a result of better prices received during the war. The figures are not available, but insurance men who have this situation always under

their eyes report that a considerable effort has been made in the last three years by farmers. Even in Alberta, in spite of moratoria, farmers have been coming forward of their own free will and paying what they owed whenever they could.

That is a fair indication of farmers' willingness to pay their debts. I maintain that whenever the farmer has undertaken a debt obligation he has done his best to meet it. I have here another clipping from that great Canadian daily which has always stood for the farmer and for adequate debt adjustment, the Edmonton *Bulletin*. Mr. Harold L. Weir, one of the editors of that paper, had this to say on March 4, 1942:

Since the year 1930, the farmers of this province have encountered a series of misfortunes, due to no fault of their own, which have now culminated in a situation which virtually amounts to their economic disinheritance.

Further down it says:

At last the Bennett government brought in the Farmers' Creditors Arrangement Act with the purpose of so adjusting the farmer's debts that the farmer could remain on the land in the public interest as a free man and not as a serf.

Everyone hailed this piece of legislation as a measure of vital interest to the farmers and to the country at large which depended upon agricultural prosperity to promote and assure its own welfare.

What has happened to this act which was designed to rescue the farmer from economic oblivion? What has been its effect in this province?

Well, the Alberta board of review started in to make adjustments and cut interest rates on loans down to seven per cent. Later on, adjustments were made with interest rates at six per cent until, finally, Chief Justice C. R. Mitchell, chairman of the Alberta board of review, announced that all future adjustments would carry interest at no more than five per cent.

It would be interesting to the public to know exactly how these adjustments are made.

The board first adds up all the farmer's liabilities, which, let us assume for the sake of example, total $7,500.

The board's inspector next evaluates the farmer's assets—his land and equipment and improvements—which, for instance, may amount to $5,000.

The board then wipes off $2,500 of the farmer's liabilities so that these may not exceed his assets. In short, the act generously provides that a man need not owe more than the value of what he owns.

But the farmer, under this adjustment, must pay five per cent interest on the newly established value of his assets and since his liabilities are fixed at exactly the same level as his assets, he is not left one dollar of equity in those assets.

The adjustment may appear to be fair on the face of it. But when the farmer is required to meet his living expenses, to pay taxes and attempt to carry out the terms of the adjustment with five per cent interest, he inevitably finds that, owing to the price of his products being below cost of production, he cannot possibly meet the terms laid down by the board.

[Mr. Hlynka.]

The vast majority of more than 200,000 farmers living in the three western provinces, in spite of all the adjustments, find themselves economic slaves with no possible chance under present conditions of ever getting out of debt.

This indicates the almost hopeless situation in which a great many of our farmers in western Canada find themselves.

May I quote one more reference which appeared in the Edmonton *Bulletin*, the champion of the farmer, on a front page editorial on August 8, 1938:

The farmers and home owners of Alberta have been ruthlessly exploited by the highest interest rates charged anywhere in the British commonwealth of nations. Usury at seven, eight, nine, ten and up to fourteen per cent has been the rule during the entire history of Alberta.

That such interest rates are legal under our laws does not alter the fact that the people of Alberta have been and are being systematically robbed by a small but powerful group of financiers in private control of Canada's monetary system.

Farm loans in the United States are on a long term basis of twenty to thirty years with interest rates of three to three and a half per cent. Home owners pay three and a half to five per cent.

This is another indication of the situation which exists in western Canada. Our munition manufacturers and others received subsidies from this government to enable them to produce with the greatest possible speed and in great volume, but no such subsidies have been given to our farmers. Some may say that many farmers received the acreage bonus, and what not. That was not enough to buy salt for their ham and eggs. Most of that money had been used up in administrative costs, and the farmers received very little. Almost all industries receive support and subsidies from the government; why not place the farmer on the same basis? Then there will be no objection to paying off outstanding debts; for if the farmers were in a position to pay off their debts, they certainly would do so. We all know that incomes of our farmers during the ten year period from 1929 to 1939 were so disgracefully low that it was absolutely impossible for any man, no matter how honest he might have been, to meet his debt obligations and carry on. Listen to what Mr. Jeffers has to say in an article which appeared in the Toronto *Globe and Mail* of June 8, 1943:

The census of 1941 shows that the farmers and farming in Canada are in nothing like the parlous state which might have been expected from recent propaganda at Ottawa from those who want farm credit arrangement acts stiffened in the prairie provinces, and measures taken to forgive a great deal of the debt that already exists.

He goes on to point out that there has been a decrease in farm debt, as follows: in

New Brunswick, by 7·6 per cent; in Ontario, by 14·8 per cent; in Manitoba, by 22·1 per cent; in Saskatchewan, by 6·3 per cent; in Alberta, by 5·3 per cent and in British Columbia by 14 per cent. That decrease took place during the ten year period from 1931 to 1941. In the province of Prince Edward Island there was an increase in farm debt amounting to 22·8 per cent; in Nova Scotia an increase of one per cent and in Quebec an increase of 19 per cent. It may be all right to quote these figures, but the writer of the article overlooks the fact that the decreases he mentions have resulted largely from so many farmers being dispossessed of their land.

I am sorry I do not possess strong enough language adequately to condemn this bill. In time of war, when the farmers have sent their sons to offer their very lives for this country, there is no reason why the government should not give at least adequate protection to agriculture, our basic industry. Were it not for agriculture where would we be? The majority of our people are dependent upon agriculture for their very livelihood; yet we listen to complaints by members of the opposition with perhaps only a yawn from the government, and the ministers say nothing when cases are recited about people being dispossessed of their land and that they are losing their life-earnings. Surely it is time even for this reactionary government—which is perhaps the most reactionary government in the history of Canada—to see to it that no farmer is thrown off his land. Why not come out and propose a complete cancellation of interest on all debts until the end of the war and one year after? Why not propose the cancellation of compound interest, which after all is nothing more than a penalty for failure to meet a debt obligation, though we have recognized that it is through no fault of the farmer that he has not paid his debts on time? If it is not his fault, why then should we ask him to suffer this penalty? Nothing has been said about farm credit, which should be extended to farmers on easy terms; for unless the farmer has this credit he cannot meet his debt obligations.

I have only a further word to say. To my mind the most important problem facing the farmers of western Canada to-day is the question of tenancy. If you examine the latest figures available you will find that less than half our farmers own their own homes. Surely they are entitled to a more serious consideration than that. It would be a most dangerous thing that can befall this nation if we permit our people to lose equity in their homes, which it took perhaps all their lives to build up. Yet we give them only the consideration of referring them to the courts. Well, the house heard what happened to the man about whom I have been quoting. That is what is going to happen to others, unless the minister and the government take advice from farm organizations in the future. I appeal to the minister even at this late date to revise the whole measure, and to place it on a basis which will include some of the recommendations placed before the minister a few months ago by the farm debt conference.

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, the farmer in this instance may be compared to a swimmer who is out of his depth and is drowning, with a millstone tied around his neck, and is looking to the House of Commons for assistance. He finds that instead of legislation being introduced which will relieve him of his difficulty, the minister is making arrangements for a pulmotor, or even for the funeral in the event of the body being recovered from the water.

This is a measure to facilitate compromises and arrangements between insolvent farmers and their creditors. Why wait until a farmer is insolvent? Why not do something before he becomes insolvent? I wish the Minister of Finance (Mr. Ilsley) could visit some of the debt-ridden farmers in my province and listen to their comments respecting this type of legislation. They know perfectly well it was in a period of high prices that they incurred much of the debt now loaded upon them. They incurred that debt during the last war, and when prices fell they found they could not meet their obligations. When another war loomed up there was the possibility that they might again be able to get some of the high prices they had obtained before. But the minister who is piloting this bill through the house is the man whose legislation has put the ceiling on prices. I am not saying that that is all bad; but I do say it is one thing which has prevented the farmer from paying his debts. Since the government saw fit to interfere at that time and to introduce legislation which has prevented the farmer from paying his debts, then that same government ought to give him more consideration than is being given under this measure in respect of his indebtedness. Particularly is that so in respect of conditions now existing in western Canada, where grain-growers are finding so much difficulty in obtaining cash with which to pay their debts.

The Minister of Trade and Commerce (Mr. MacKinnon), who is now in his seat, knows perfectly well that farmers were not allowed to deliver their grain, because he says facilities were not available for taking that grain out of the country, nor was there room in the elevators to store it. But it was cash from that grain which the farmers must use to pay their indebtedness and the interest thereon. The farmer produced the grain, but he could not possibly sell or deliver it. Did the government take steps to see that no interest was piled on farmers' indebtedness during that period? No. Did the government do as was done in the United States? Did it say to the farmers, "We will give you an advance on the grain which you have properly stored on your farms", so that the farmer could make interest payments? No. That was done in the United States. On the basis of the security of the grain stored on farms the United States government is advancing this year an amount equal to $1.22 No. 1 northern wheat. Even when the farmer is allowed to deliver his wheat in western Canada the ceiling price is only 90 cents Fort William.

Sometimes we hear it said: "Oh, the farmer has other products." Yes, he could turn his grain into cattle, hogs and dairy products. But again this government has prevented his earning money in that way, particularly in Saskatchewan where the national selective service board, an instrument of this government, has in some instances taken the last boy off the farm. The records prove that Saskatchewan has been badly hit in that way.

A study of the debt problem illustrates some of the basic injustices of the whole economic system under which we operate. Debt is the natural result of the capitalistic system. Under this system the reward to capital always comes first, and the reward to labour is left to take care of itself. It is not recognized. Under this system Shylock demands his pound of flesh—"the law allows it and the court awards it." The last dollar of production is taken off the farm, whether the mother needs medical attention or the children need clothes. There should be some law in the land establishing a basic income for all families. The mortgage contract is the machination of those who have been given the power to extract the last dollar a man may earn. It has no basis in justice, in humanity or in fairness. If this bill contained the proper provisions it would be an effective agent in restoring the equity of the farmer on his farm and would guarantee to him that so long as he worked his farm well he would have the right to live in security so far as his farm debt was concerned. This bill does not touch that problem at all, and I believe the minister will admit that that is so.

Farm debt, may I say to the minister, is a national problem from coast to coast. I have been in farming communities in eight of the nine provinces of Canada, and I find the same story told everywhere. If the government does not initiate some legislation to remedy this injustice, some day it will have to make way for a government which will do it. Democracy will not permit that state of affairs to continue much longer.

I shall never forget the story told by a medical doctor at a convention in Saskatchewan some years ago. He had to tell a mother that she was dying of cancer. He said, "Why did you not have this condition cared for a few years ago?" She replied, "I remember your telling me I needed the attention, but that year we had a short crop. We did have some return, but the mortgage company took it all. The next year the children needed clothing and I put it off again. The next year the mortgage company came along and took practically everything we had." "Well," the doctor said, "your three years' delay has cost you your life." If a farmer, his wife and family, labour all year and through no fault of their own have no return, either because of price, because he is not allowed to sell his commodity, or because of drought, rust, hail or storm, surely that man has lost sufficient for one year. Why should a mortgage company supplying the capital required on a farm always be guaranteed a crop, irrespective of whether the farmer gets a crop or not? Surely this is basically wrong; surely it is something which must be changed. Instead of taking care of the farmer, instead of giving him some assurance that compound interest will not be piled up, instead of ensuring him that the interest in a bad year will be taken care of in some other way, the farmer is further penalized by having interest piled on him as a load of debt. Then the next year the interest is loaded on that of the year before, and interest is piled upon interest, the debt rising and rising until the farmer cannot find his way out.

There are some who say debt adjustment is not necessary. "Why," they say, "the agriculturist is in the best position he ever had." The hon. member for Regina City (Mr. McNiven) shouted across the floor to me one evening that the farmers in my district were better off than they ever had been. I have here the quarterly bulletin of agricultural statistics, and at page 200 I find that the total cash income from the sale of farm products from January

to June, 1942, as compared with the same period in 1941 decreased by 23 per cent. In spite of the fact that 1942 was one of the greatest years for the production of farm products, particularly in the west, the province of Saskatchewan shows the lowest increase in cash income of any province in the dominion, the increase in 1942 over 1940 being about twenty-five per cent, while in one other province it went as high as seventy-three per cent.

I know the argument which will be put forward by those who oppose this measure. They will say: You have to take care of credit and think of the widows and orphans who have put out their money in farm mortgages. I have examined some twenty cases taken at random, and I find that in only three of them was the farm mortgage held by private individuals, and that in every one of these cases where the creditor was an individual, an ordinary human being like the farmer who is working on the land, they recognized that there was such a thing as justice and made no injurious demand. But in the rest of the cases, where a mortgage or trust company were the creditors, that is where the injustice occurred.

The basis of the tremendous farm debt of the western provinces was the ten years of depression through which they went. The drought in those years should have been recognized as a national calamity, and national measures should have been taken to cope with it. There is no reason why debt should have been allowed to pile up in that period year after year. Surely the farmer suffered enough in those dried-out areas in those crop-less years without having to have everything taken away from them, with no relief provided for them with regard to their debt.

Some people may say: If you adjust farm debt, you will destroy farm credit. Well, it could not be hurt very much more than it is under the present system. If proper measures had been taken by the federal government the farmers would have paid off every cent of this Shylock-like indebtedness. We need an entirely new set-up with regard to farm credit, and federal funds should be available to agriculture on a production basis.

The farmers will pay their debts if they can. I have known farmers who have done without the necessities of life, gone without food and medical attention, and many of the things that ordinary people consider absolutely necessary, and starved their families, in order to pay interest. I have seen too many hundreds of good farmers lose their whole life's earnings for anyone to tell me that there is no need of debt legislation—and I do not mean bankrupt legislation.

Some people say: Leave the debt problem alone and it will work itself out. But notice this. As long as money is easy, prices are high and the farmers go into debt. As soon as money is tight, prices are low. A farmer goes into debt when wheat is worth $2 a bushel, as it was in the last war. A debt of $2,000 then means 1,000 bushels of grain to pay it off; but when grain goes down to 40 cents a bushel, to pay off his debt the farmer has to pay back 5,000 bushels of grain. There are, admittedly, some farmers who perhaps extended a little too much and who may not have been quite as saving as they should have been. But you do not need to talk about saving to the farmers of western Canada. They have saved and scrimped far more than anyone should have to do in this land of plenty. I know farmers in the west like the one who borrowed $8,000 and paid back $10,500. This particular farmer wrote to the lending company and asked, "How much do I owe now?" He got the reply "We will settle for $7,500." A friend of mine borrowed $1,700. He paid back $2,100 and I said to him, "You must be paid off now." He said, "Pretty nearly. All I owe now is $2,600." In the Prime Minister's constituency last fall I talked to a group of farmers and asked one how he was getting along. He said, "This is a great country. I came here thirty years ago and took a half-section of land all covered with bush, but there was no mortgage. To-day it is all covered with mortgage but no bush on it."

A debt conference of the western provinces was called which asked this government to do something to remedy the debt situation. But this legislation does not even recognize the basic causes of debt. Somebody has said something about the operation of the old act. If you study the figures, you will find that at the rate we are going, the act which has so far covered about 2½ per cent of the indebted farmers during each year of its operation, will take forty years to get them all dealt with, and there will be a new crop of debtors by that time.

I have attended the sittings of some of these boards, and the kind of thing I have heard has not given me very much confidence that conditions will be much better under this set-up. I sat in the court and listened to a man who was making his plea. He had hired a lawyer to present his case. The chairman said to the man, "How much is your debt?" The man replied, "It is $800 and I have paid back

$650." "How much do you owe now?" asked the chairman. The man said, "I owe $1,100". "What do you want done about it?" The man replied, "I would like to get it down to six or seven hundred dollars." The chairman said, "What would be the good of that? Can you pay it off then?" The man said, "I think so. I work hard and want to get it cleared off." "When are you going to pay it off?" And the man replied "Just as soon as I get a good crop and a good price." The chairman said "When are you going to get a good crop?" "I do not know," the man replied, "it will be as soon as the Lord sends rain." Then the chairman asked, "When are you going to get a good price?" But the Minister of Finance was not there to tell him that.

It is not the farmer's fault. He labours on his farm. Why should all the risk be taken by the farmer? Why should labour always take the risk in that way? Does the farmer deserve no protection for all he has done in those years when he did all he could? I hold no brief for the farmer who is dishonest or for the man who will not work. Those things can be proved, and if a man has been found to be deliberately dishonest or unwilling to work I would say, let the courts take action in such cases. But where it has been proved that a man is not guilty of these things, he has a right to be secure on his land and to some recognition of the fact that he has toiled on his farm for practically a lifetime. Why is it that the law will permit a man who has paid all but a few hundred dollars of his debt to be foreclosed, and the creditor to take everything, recognizing nothing of those years of labour and toil which that man has put in? The same applies to a good many city dwellers, men who having bought a home, perhaps mortgaged the place to get the money to buy it, and have paid off all but a few hundred dollars when the property is foreclosed and they receive nothing. These things are wrong.

Let me also point to some of the adjustments which have been made under the Farmers' Creditors Arrangement Act. The minister may not know what kind of contracts the board sometimes makes with farmers. Here is a typical case: first, to get the farmer where he owes a couple of thousand dollars which he cannot pay under existing conditions; they then reduce it to $1,500, which also he cannot pay under existing conditions because he is not getting parity for his produce. They say, "Well, you sign a sort of crop-lease agreement. Under this one-third of your crop for the next three years is to be delivered to the creditor; we will sell it and the value will be credited to you, part to pay interest, and if anything remains, the balance to pay part of the principal. Then at the end of three years a readjustment of principal will be made on that basis. After that, for the next three years you are to pay three per cent of the principal and all of the interest. For the next three years you are to pay five per cent of the principal each year and all the interest. For the next three years you are to pay seven per cent of the principal and all the interest, whether you get a crop or not"—except in certain bad years where adjustments may be made—"and the next year you are to pay the balance of the principal and all the interest that is due, which is 55 per cent of the principal and all the interest." What does that amount to? As well as that, there are certain regulations which state that the creditor shall tell the farmer what he shall grow; how he shall farm the land; how much summer-fallow he shall put in each year. It may be that in the thirteenth year, when the farmer has to pay 55 per cent of the principal, the creditor will tell him to put in all summer-fallow so that he shall have nothing with which to pay the 55 per cent. That is a common settlement under the act, and that is why farmers do not flock to get all their debts adjusted under this set-up. It is nothing less than a thirteen-year sentence of servitude with a boss ordering you around and in the end you are to be foreclosed.

I suggest that, if you want to make this act something which will work, all farm debts, where application is made, should be adjusted after there has been a search to determine the extent to which the present debt is a result of crop failure, and in years when the farmer has no production over and above enough to sustain his family, no interest should be charged and there should be no interest charges compounded. Also, all excess charges which have been loaded on this farm debt should be carefully checked. When some of these mortgage and loan companies get a farmer in debt and send him a bill of what he owes on his mortgage, it makes interesting reading. I have here a copy of a bill which was sent to me, and which includes these items: first of all, interest, $320; interest on interest; insurance premium; another years' interest; interest on interest; interest on disbursement; interest on account January 1; inspection fees. Then he had to pay these amounts every year: interest on interest; inspection, $5; hail premiums, $29; insurance premiums, $28; interest on "loan sundries" to date—whatever those are—$320; interest on interest $37. All the inspections and other items which are set down here grow larger and larger. Interest climbs up, plus inspection

fees, solicitor's fees, long distance calls and so forth. No wonder farmers' debts grow. When not paid, these are compounded.

In all contracts there should be a clause which permits a farmer who makes his living on that land to have some basic living costs which he can hold back, something on which his family can live decently. If you recognize that claim, it will be at least a step forward. There should be no interest in those years when his production does not bring him a sufficient income for this.

Further, I would say that there should be a provision, effective while the war is on, prohibiting foreclosure on any farmer whose son or hired man has been taken away from him, as has happened in so many cases. Foreclosure should not be permitted in respect of any farm where the state in this time of struggle has had to call upon the farmer to send his boy to the armed forces, or any such man who goes voluntarily. Surely those men who are willing to go and fight should receive legislative protection at least to the extent that there should be no foreclosure or issuance of writs permitted against their farms during that time or when the farmer is not allowed to deliver the produce of his toil. I have had cases of this kind in my own district. A farmer came to me and said, "Look at this. The sheriff is threatening to issue a writ against me, and I have to deliver that grain; yet the government tells me I cannot deliver it." As a result of a little correspondence I finally got them to say that they were not going to proceed with the business of foreclosure, because the farmer had the grain on the farm and could not deliver it, but he would have to pay the cost of issuing the writ.

I say to the minister, make some alterations in this bill in the interest of those who work and produce the good things of the world. Do something which will save these people in time of stress. Put a little real justice in this bill. If this government does not see its way to do that, it is time that it made way for a government that will.

Mr. J. H. SISSONS (Peace River): I wish to speak briefly on the principles of this bill and to support those principles, because I believe that they are advantageous to the farmer. I acted for farmers for twenty years before I went into politics. I expect to be acting for them many years after I am out of politics. I am only a small-town lawyer; I have no interest in the big interests or financial barons or the Dominion Mortgage and Investment association; I am interested only in the farmers of my constituency.

I was surprised at some of the attention paid this afternoon and this morning to memoranda and statements and briefs submitted by the Dominion Mortgage and Investment association. I certainly do not think these briefs merited anything like the attention which my hon. friends have given them.

Mr. QUELCH: We were judging by the results in the bill.

Mr. SISSONS: I am judging by the results of the bill. This is a bill not framed in the interests of financiers but framed entirely in the interests of the farmer.

The hon. member for Acadia (Mr. Quelch) interrupts. He based his stand, as I understood it, on three points. One was that the courts have been substituted for the boards of review, and that in this way the costs would be increased and the sympathetic attitude which the boards of review had displayed would be lost; second, that there was failure to consider debts as a recurring problem; and third, that there was right of appeal, which would also, according to my hon. friend, add to the farmer's costs.

I am not going to bother to deal with the second of these points, but I wish to deal with the first and third. The second point raised by the hon. member was, as he admitted, a problem really beyond the scope of this bill; it was a problem concerning the whole question of western agriculture, of a market for western produce and of credit facilities. That is a problem, and I am entirely in sympathy with him so far as that is concerned. But it is certainly not a problem that can be dealt with in the consideration of this bill, and for that very reason I feel that ninety-nine per cent of what the hon. member who preceded me had to say was quite irrelevant to the discussion of the bill.

I wish to deal with the first point raised by the hon. member for Acadia, as to the courts having been substituted for the boards of review. The first thing a farmer does now under this bill is to file his proposal with the clerk of the court. I do not think for a moment that any member for Alberta would object to that, bearing in mind that these clerks of court have been the local representatives of the debt adjustment board. They are the men appointed by the province who have been acting for years past in the adjustment of debts in Alberta. They are men who know the local conditions and who have had considerable success in working out adjustments. Surely there is no man to whom my hon. friends from Alberta would rather have the proposal made than the clerk of the court. Certainly that is a feature of the new bill which in my view is very much superior to the old act.

From the clerk of the court, who replaces the official receiver, the proposal then goes to the district court judge. My hon. friends from Alberta apparently feel strongly that it should not go to the district court judge. Apparently they would prefer boards of review. I have had considerable experience with the workings of this act during the last nine years and I know how it works in my own area. We have a board of review that comes into the district possibly once a year—it has been usually once every two years. That board includes a supreme court judge, a lawyer, and a member representing the farmers. They come to my judicial district and stay there for about two days. They handle a dozen or more cases a day, often nineteen or twenty. They are not acquainted with local conditions; yet they make their proposals, and then they are gone. I do not think that is as satisfactory an arrangement as to have the proposal dealt with by the district court judge who is resident in the district, who is acquainted with the district and acquainted largely with the farmers of the district, and who has a responsibility and a duty to that community.

I would point out this to my hon. friends. When they are dealing with a district court judge they know exactly what they are dealing with. They are dealing with British justice, which has been hammered down over the centuries. When you are dealing with British justice and a Canadian court you know what you can expect. You know you can expect justice and fair play. I emphasize that, because there is a fundamental difference between a judgment of a court and a decision of an administrative board. Remember that a board is not bound by rules of evidence; it is not bound by court procedure. All that a board has to do, as I recall the law, is this: it must not act in a manner offensive to the general principles of justice.

I would point out that even the boards of review under the Farmers' Creditors Arrangement Act had the right to hold and did hold meetings in secret, which is not permitted in any court of law. They heard confidential evidence, received confidential reports on the value of the land, and had the authority to receive and did receive confidential reports on the character of the farmer; and acting for that farmer you had no right to see that confidential report as to the value of the land or the confidential report as to the character of the farmer. That offended a fundamental principle of law, the main principle which all courts follow, that no man shall be tried or have his case determined without the right of seeing and hearing the evidence upon which he is tried or upon which his case is determined. There is a fundamental difference between a court and a board, and I find it strange and hard to believe that any hon. member, or anyone purporting to speak for farmers, would say that he would prefer such treatment for his farmers to the open and above-board treatment which the farmers can and do receive and must receive in any court of law.

The hon. member for Acadia said that the cost would be increased by this procedure of taking away the board of review and substituting the court, overlooking entirely the provision in the bill which states that no costs shall be payable.

Mr. JOHNSTON (Bow River): It does not say that.

Mr. DOUGLAS (Weyburn): Read section 43.

Mr. SISSONS: I will deal with the question of appeal later. Ordinarily, either in the hearing before the district court or in the hearing before the court of appeal, no costs are payable apart from exceptional cases, and the exceptional case is all to the benefit of the farmer. I will come to that later. My hon. friends also contend that the farmer would be handicapped. I would remind them that, as far as Alberta is concerned, the farmer will have assistance in preparing his case for the clerk of the court. He will have assistance, if he wishes it, before the district court judge; he will have assistance, if he wishes it, on appeal.

Mr. DOUGLAS (Weyburn): Provided by whom?

Mr. SISSONS: By the provincial government.

Mr. DOUGLAS (Weyburn): We are dealing with a federal act now.

Mr. SISSONS: At the last session of the provincial legislature bill No. 46 was passed, the debtors' assistance act. That provides for the setting up of a board to assist debtors. That board has been set up and is composed of the very men who formed the old Debtors' adjustment board.

Mr. JOHNSTON (Bow River): What about the other provinces?

Mr. SISSONS: I am concerned only with my own province, the one I know best. Let other men worry about their respective provinces. I should like my hon. friend to pay attention to this clause, which reads:

The board shall have the following powers, duties and functions;

(a) to advise and assist debtors in adjusting their debts and in working out satisfactory arrangements;
(b) arrange meetings between debtors and creditors in endeavours to bring about amicable arrangements.

This is the paragraph I particularly have in mind:

(c) to advise and assist debtors in the preparation of any plan or scheme or settlement of their debts before any dominion board or court which may have been or may hereafter be set up for the settlement of debt.

That act was passed just a couple of months ago, and I think that section clearly indicates that Alberta anticipated that when this Farmers' Creditors Arrangement Act was being amended it would be so amended as to leave the working out of the act in the hands of the courts.

Mr. DOUGLAS (Weyburn) Would the hon. member not agree that that provision ought to be in the act and should apply to all provinces?

Mr. SISSONS: I should have to give some consideration to that, but it could be done under the regulations if it is desired. I am not so sure whether the farmers themselves will take advantage of that board; in fact, I do not think they will.

Mr. JOHNSTON (Bow River): But it should be there.

Mr. SISSONS: I believe that my farmers would much rather have me act for them before the district court judge and before the court of appeal than they would this debtors' assistance board. But it is there and will be of help to the farmer if he needs any in the preparation of his case, either for the official receiver, before the district court, or before the court of appeal.

An hon. MEMBER: That is their privilege.

Mr. SISSONS: That is their privilege; it is there. The hon. member for Acadia referred to an argument which had been advanced, I believe he said by a mortgage association, that the act should be limited to efficient farmers. He should pay no attention to a contention like that, but he submitted it to the house. The hon. member went on to say that only dishonesty and rank idleness should be barred under this act. I think the act goes even a little farther. I do not think anything short of that is barred when it states that a proposal shall be based upon the present and prospective capabilities of a farmer to meet his debt, consideration being given to the productive value of the farm. That is the principle which is laid down for the guidance of the district court judge.

The district court is an inferior court, and in rendering his judgment the district court judge must show jurisdiction upon the face of his order; he must show on the face of the proposal which he makes that it was based on these considerations. The act certainly goes far enough to take care of most of the inefficient farmers. It takes care of the inefficient farmer on a good farm; it takes care of the efficient farmer on a poor farm; it considers the capabilities of the man and the productive value of his farm. It is not the productive value of that farm as joined to some other farming unit, or some other circumstances; it is the productive value of that farm as worked by that farmer, with his limited capabilities.

I do not think there can be anything stronger or fairer than that. I would expect that those opposed to this act would say that the provision goes very far. I think there can be brought under the provisions of the act the farmer who is idle, the farmer who may be somewhat inefficient, just so long as he has not acted in bad faith in the management of his farm or the disbursement of his income. There would have to be fairly strong evidence to keep any farmer outside those provisions.

My hon. friends object to the provision for appeal. I want an appeal for the sake of the farmer. I am not interested in any mortgage company, but I do want an appeal for the farmer. If that provision to which I have referred was not loaded in favour of the farmer, I might agree that we should not have an appeal. But we have a provision which is loaded in favour of the farmer in that the district court judge must base the proposal upon the present and prospective capabilities of the farmer and the productive value of the farm. The district court judge must furnish the appeal court with a statement of all the information upon which he bases his decision. If a proposal shows on its face that the district court judge did not base his decision upon those ingredients, then I want the right of appeal. I want the right to go to the appeal court and be able to say that the district court judge erred, that he based his proposal upon something which is not favourable to my client. I do not think there is any doubt about what would happen; the proposal would be corrected until it was based upon the foundation set out in the act.

Then there is the question of cost. My hon. friend interrupted me a moment ago to say that there would be certain circumstances under which costs might be given against the farmer.

Mr. QUELCH: I had in mind the costs of a farmer represented by a lawyer.

Mr. JOHNSTON (Bow River): Which are considerable.

Mr. QUELCH: Could be considerable.

Mr. SISSONS: Where you have dealings before the board of review or before the court, in the province of Alberta, in which my hon. friend resides, the debtors' board takes over that responsibility.

Mr. QUELCH: It is a federal responsibility nevertheless.

Mr. SISSONS: The costs we are dealing with would be insignificant when you take the picture as a whole.

Mr. DOUGLAS (Weyburn): If you cannot pay them, they are not.

Mr. SISSONS: I do not know what the farmer friends of my hon. friend are like, but I have been acting for farmers for over twenty years and they have paid me. Of course, I may have in the Peace River district farmers who are superior to those in certain parts of Saskatchewan, for I certainly could not picture my farmers as being of the type that have been referred to as living in certain parts of Saskatchewan.

Mr. DOUGLAS (Weyburn): It is a pity they did not demonstrate that when they were voting.

Mr. SISSONS: They did. I want that appeal provision left in the bill, because it is in the interests of the farmers, and that settles the matter as far as I am concerned.

I find that in its broad principles this is a bill which I can absolutely approve, because I believe it to be in the interests of the farmer for the most part, though not entirely.

Here I come to a strange thing. I am very much surprised that the hon. member for Acadia (Mr. Quelch), the hon. member for Battle River (Mr. Fair) and the hon. member for Vegreville (Mr. Hlynka) did not draw the attention of the house to one feature which in my view is not a fair provision to have inserted in this measure. If they did mention it I shall apologize to them, but certainly I did not hear them. I refer to the entirely new principle contained in section 33, which I consider is inconsistent with the other provisions of the bill, and which I believe is bad in law, unfair to the farmer, detrimental to the public interest, and altogether impractical and unworkable.

Mr. BOUCHER: It loads the dice the other way, does it?

Mr. SISSONS: It is a principle which I do not think should be in this bill, but my hon. friends passed it by entirely. They attacked provisions of the bill which can be well defended, but overlooked entirely a provision under which every proposal that has been made by a court of review must be brought before the courts again if a sale is made within five years from the time the proposal was confirmed.

Mr. QUELCH: If I may ask the hon. member a question, if he is opposed to that principle why did he not oppose a similar provision in the Veterans' Land Act?

Mr. SISSONS: I admit that this provision is in that act, and that may be an argument which will be advanced in support of its insertion in this bill, but I do not think that is sound ground for adopting this principle.

Mr. QUELCH: But the hon. member never opposed it in the Veterans' Land Act.

Mr. SISSONS: I quite agree, and an argument can be put up in favour of it. However, I do not think the position under the Veterans' Land Act and the position under this measure can be compared at all; and even if there were arguments why such provision should be inserted in the Veterans' Land Act, I do not consider that those arguments apply with equal validity to this bill. There is that one provision of the bill which I do not like, but taking it as a whole I want to say that I most heartily approve the principles of the measure. I think they are a vast improvement over any provincial debt adjustment acts we have had in the past, and a great improvement over the old Farmers' Creditors Arrangement Act. Therefore, Mr. Speaker, I intend to support this bill.

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

On section 1—Short title.

Mr. JOHNSTON (Bow River): I should like to say a few words on the bill in general. I am not going to take very long at this time, because we shall be able to take up the various items in detail as we go along, but generally speaking I think this bill is not as good as the old act, for several reasons which have been pointed out already and into which I am not going in detail. The only feature that I think is perhaps an improvement over the old act is the fact that Manitoba is included. The hon. member for Peace River was speaking of the concessions that were made under a bill passed by the Alberta legislature, and he said he was not concerned about the other provinces but was primarily interested in the province of Alberta. In considering a measure of this kind, I do not think it is proper for any federal member to consider

only how it will affect his own province. Legislation of this kind should be general, and should apply to all parts of Canada. Therefore I think the minister is to be congratulated upon this one point, in any event.

One objection I should like to make is to the fact that only one proposal can be made. I am not going to begin to recite all the cases I could mention, for I believe I could keep the committee here for a week if I brought down my files and went through the cases of this kind that have come to my attention. Many of these personal incidents have been pointed out; I think they are very much the same in all three prairie provinces, at all events, so that I do not see that any good purpose would be served in bringing down further cases of the same kind. Supposing a proposal is made which becomes unsatisfactory to the debtor as a result of circumstances over which he has no control. For instance, there might be an emergency year, when the government would recognize that the individual farmer was not to blame for his inability to meet his debts. That possibility is completely ignored under this bill. Surely it is unjust to say there may be only one proposal, and not take into account the possibility of circumstances arising, such as drouth, hail, or destruction of the crop in some other way. Under this act only one agreement or composition can be made. It may be that the farmer undertakes to pay $500 a year in reduction of the principal and interest at five per cent; then it may happen that the farmer is hailed out. How in common sense could the farmer pay that $500 a year? On the face of it that is ridiculous, and I am sure hon. members of this committee will not permit such a provision to remain in the bill. I believe that since this has been drawn to the minister's attention, he will see the absurdity of having such a clause in the bill, and an adjustment will be made. There are many other cases in which the farmer may be placed in a position where it is utterly impossible for him to pay. For instance, in war time he may be a grain farmer, raising wheat, a delivery quota which is set by the dominion government. How can he dispose of sufficient crop to take care of that payment? "Oh, well," someone may say, "when the court is setting this proposal they will consider his quota." But the point is that the government here may see fit to change that quota. For instance, the farmer may have fourteen bushels this summer; then later in the fall the regulation may be changed to the point where he would have only a five-bushel quota. Yet the act says definitely that there shall be only one proposal, only one settlement, and that the farmer is obliged to comply with that.

It will be seen that the farmer is placed in an impossible position, and that he has no alternative. The proposal has been completed and agreed to, and therefore he has no recourse whatever. I might even go so far as to say that I think this is purely mortgage companies' legislation—and in that statement I want to be fair. As I see it, everything is set to favour the creditor.

Let us review the situation for a moment. One proposal is to be made. I believe it will be generally recognized that when the courts are setting these proposals they will take into consideration the financial circumstances of the farmer, the prices prevailing and the general market conditions. The settlement will be made on that basis. If it is agreeable to the company, they will let it go; and in those circumstances it would probably be agreeable to the farmer. But if it is not agreeable to the company, then the company will appeal. I think hon. members of the committee will understand, generally speaking, that if one has an insurance policy on his car, and has an accident, the general policy of the insurance company is to appeal, or to take the insured to court, if the owner is not satisfied with their offer of settlement. Of course they run the chance of not coming out on top, but they can afford to do that. They may lose some cases, but from the point of view of principle, they will go to the courts. They do that, because in all cases they have one or two solicitors hired continuously to handle their litigation. I am not complaining about that, because it is a matter of good business procedure. But the fact remains that in every instance the company will be in a position to appeal. On the other hand, the farmer is not in that position. It will cost him money every time an appeal is lodged, and he just cannot afford that extra expense.

I believe the principle behind the measure is wrong. Rather than forcing the farmer to pay, the purpose should be to keep the farmer on the farm. Especially in wartime the government, I suggest, should follow the principle of keeping the farmers where they can produce the goods required. One might say, "Oh, well, these will be only occasional cases." But that is not so, when one considers the number of farms in western Canada on which there are mortgages.

The hon. member for Peace River referred to costs. I shall not deal with that point other

than to say that the matter of costs is dealt with in section 37. It is true the section does say:

No costs shall be awarded on any application, motion or hearing before the court or the appeal court—

That is, no costs shall be made on any application before the court of appeal, except —and then it goes on to give some exceptions. So that there may be costs attached to this.

Mr. EDWARDS: Read the rest of the section.

Mr. JOHNSTON (Bow River): It states:

. . . except that the appeal court may, if of opinion that there were no reasonable grounds for bringing an appeal. . . .

And so on. Of course that is decided entirely by the court. If they contend that there were no reasonable grounds for appeal, the charges will be allowed. So that there is the liability of paying costs.

Mr. ILSLEY: Would the hon. member like that exception taken out?

Mr. JOHNSTON (Bow River): No; I think the exception is all right.

Mr. ILSLEY: I think so, too.

Mr. JOHNSTON (Bow River): But the point I am trying to make is that there is a matter of costs to consider. When we start adding costs to a farmer we are placing him in an awkward and difficult position. I shall go on to read the whole of the section, so that it may all appear on the record. It is as follows:

. . . except that the appeal court may, if of opinion that there were no reasonable grounds for bringing an appeal, order the appellant to pay the costs of any other party appearing on the appeal.

Mr. ABBOTT: To pay the farmers' costs, if the creditor brought a frivolous appeal.

Mr. JOHNSTON (Bow River): And it could be reversed the other way.

Mr. EDWARDS: It is purely discretionary.

Mr. JOHNSTON (Bow River): Yes, but the payment of costs depends entirely upon what the court decides in that regard. But to say there are no costs is definitely wrong. However, I shall not discuss further items in the bill, because they will be discussed when we come to them.

One other point I wish to make in passing is the lack of regard given to the western debt conference proposals by those who drew up this legislation. That is very serious, because as has been pointed out by the hon. member for Acadia, that was not a political conference, in any sense of the word. In fact, it was about as conglomorate as one could find. There were Social Crediters from Alberta and Liberals from Saskatchewan; and the representation from Manitoba consisted of two groups. Those three governments got together, and after extended and deliberate consideration of the debt problem, from the point of view of the three agricultural provinces, and after a great deal of careful consideration, deliberation and thought, the draft bill was drawn up. I have them before me, but I shall not go into them, because the hon. member for Acadia placed them on the record.

The conference went to a tremendous amount of work and, with one exception, namely where they expressed their desire that Manitoba be brought in, not one of the proposals was accepted. When legislation is especially designed for the three prairie provinces, and when at a conference are found representatives of a Social Credit government, a Liberal government, and another government of combined Conservative and Liberal members; when we find representatives of those groups getting together and drawing up what they consider to be the type of legislation most suitable and applicable to the prairie provinces, and when we find the government at Ottawa ignoring all these facts, then it seems to me that that is the wrong way to give satisfaction to the people for whom the legislation was intended.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CANADIAN ALLIANCE INSURANCE COMPANY

The house in committee on bill No. 54, to incorporate Canadian Alliance Insurance Company—Mr. McIlraith—Mr. Bradette in the chair.

Sections 1 to 5 inclusive agreed to.

On section 6—Classes of insurance authorized.

Mr. GRAYDON: I do not see war risk insurance listed here. Is there any reason why it should be left out?

Mr. LALONDE: I have been asked to sponsor this bill in the absence of Mr. McIlraith. The bill is in the standard form, and the only question raised except as to the name was with respect to the amount required to

carry on different kinds of insurance. The bill has been approved by the superintendent of insurance and has been drawn up in accordance with the standard form.

Mr. GRAYDON: Why is war risk insurance not covered by the incorporating clause?

Mr. LALONDE: I received the bill just a few moments ago. I think section 6 speaks for itself. A company cannot go outside the different classes of insurance enumerated here. War risk insurance is not among the classes of insurance covered.

Mr. ILSLEY: War risk insurance within the Dominion of Canada is conducted wholly by the Dominion of Canada. No company on its own behalf carries on the business of war risk insurance within the dominion. It may have the power in its charter to carry on the business of war risk insurance outside the dominion, but if this company does not desire that power I do not know that we should be concerned with giving it to them.

Mr. GRAYDON: I was not concerned with giving them the power. I was simply asking for information.

Section agreed to.

On section 7—Subscription and payment of capital before commencing business.

Mr. CASTLEDEN: The first sentence of subsection 1 says that the company shall not commence any business of insurance until at least $100,000 has been paid up, and it may then transact fire insurance, falling aircraft insurance, earthquake insurance, and so forth. These are also covered by clause 6. Is there any need for this repetition, or is there something included in subsection 1 of section 7 that is not covered by section 6?

Mr. LALONDE: This is simply a restriction on the capital with respect to special classes of insurance. The company cannot commence to cover these special risks without having $100,000 in cash.

Mr. CASTLEDEN: Can it carry on any of the business covered by section 6 before it has $100,000 paid up?

Mr. LALONDE: No; I do not think the company can carry on any other business than those included in section 6.

Mr. CASTLEDEN: In section 7?

Mr. LALONDE: Sections 7 and 6.

Mr. CASTLEDEN: Why, then, are the insurances which are mentioned in section 6 repeated in section 7, subsection 1? For instance, fire insurance is mentioned in both.

Mr. ILSLEY: It stipulates the conditions.

Mr. ST. LAURENT: I think the hon. member will find that section 6 is merely enumerative of the classes of insurance that the company will have power to carry on, and then section 7 says it shall not carry on insurance of any of these classes until it has $250,000 subscribed and $100,000 paid. When that is done it can carry on part of the undertakings mentioned in section 6, but before being authorized to carry on the others it has to comply with the additional conditions.

Mr. CASTLEDEN: The hon. member will thank the minister for that.

Section agreed to.

Sections 8 to 10 inclusive agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

UKRAINIAN FRATERNAL SOCIETY OF CANADA

The house in committee on bill No. 68, to incorporate the Ukrainian Fraternal Society of Canada.—Mr. Hlynka.—Mr. Bradette in the chair.

Sections 1 to 5 inclusive agreed to.

On section 6—Convention of the society.

Mr. GRAYDON: May I have some explanation from the sponsor of this bill as to what is meant by:

(1) The society shall be governed by a convention which shall constitute the final legislative and governing body of the society.

Is the convention a sort of executive body, or what does it mean?

Mr. ILSLEY: It is defined in the next subsection.

Mr. GRAYDON: I think subsection 2 answers my question.

Mr. CASTLEDEN: I should like to have some further explanation as to that convention, as to how often it is going to meet. It merely mentions "a convention."

Mr. COLDWELL: What is the meaning of "supreme arbitration court"?

The CHAIRMAN: Shall the section carry?

Mr. CASTLEDEN: No.

Mr. COLDWELL: There are a number of unusual terms and provisions in the constitu-

tion and the convention, and I wonder what is the meaning of " supreme arbitration court." But I am not objecting to the bill.

Section agreed to.

Section 7 agreed to.

On section 8—Temporary directors.

Mr. CASTLEDEN: I am not objecting to this bill, either, but I believe that we should have some explanation of it and that the hon. member who is sponsoring it would like to have an opportunity of explaining it. I suggest that the bill be postponed until later in the agenda, so that the hon. member in whose name it stands will be here to deal with it. I believe he will be in the chamber in a few minutes.

The CHAIRMAN: The hon. member must understand that I have not the right to suspend this debate.

Mr. GRAYDON: The hon. member has not raised that objection; he has only asked that it be put on to the end of this discussion.

Mr. CASTLEDEN: I am willing to let the section carry.

The CHAIRMAN: It will have to be with unanimous consent. Is the section carried?

Section agreed to.

Sections 9 to 16 inclusive agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

BETHEL FULL GOSPEL ASSEMBLY

The house in committee on bill No. 109, to incorporate Bethel Full Gospel Assembly—Mr. Reid—Mr. Bradette in the chair.

Sections 1 to 14 inclusive agreed to.

On section 15—Investment of funds.

Mr. CASTLEDEN: May I ask the sponsor to explain the last clause?

Mr. REID: What does the hon. member wish to have explained?

Mr. CASTLEDEN: I think it is disgraceful that these bills should be passed in this way. I wish to object. The bills are called more rapidly than members can find the numbers of the bills, and any effort to find out where we are is met with criticism.

Mr. REID: I hope the hon. member is not referring to me. I have been following the bill clause by clause. I am never left behind like that.

[Mr. Coldwell.]

Mr. CASTLEDEN: I was referring to the way in which the bills are put through, and I still think it is wrong. I am not referring to any remarks the hon. member made.

The CHAIRMAN: The word "disgraceful" has been used in the committee. I would point out that these bills have all been discussed on two different occasions. They have been before the special committee.

Mr. CRERAR: I think it should be pointed out to the hon. member that all these bills we are considering were before the private bills committee and received careful consideration there. It is quite obvious that we have not an opportunity to study the bills in detail as they are passed here in this committee, but I think all hon. members will agree that the private bills committee was the committee that should give them careful scrutiny, and it did.

Mr. MacNICOL: Were they not passed by the senate also?

Mr. CASTLEDEN: Unless this procedure has some meaning, it is farcical to carry it on. I was a member of the private bills committee, and it happened that other committees were sitting at the same time which I attended. But even the fact that these bills have been considered by the private bills committee does not mean that members should not be given time to look through their bills to see what is being passed.

Mr. KNOWLES: In connection with the bill we have just dealt with, as well as the previous bill, may I say that the committee on private bills made certain amendments. Is it not possible for us to have before us copies of the amended bill. I happen to know that the amendments were made, but not all hon. members are in that position.

The CHAIRMAN: The bills were read as amended.

Mr. KNOWLES: But they are not before us.

Mr. MACKENZIE (Vancouver Centre): Yes; they are on the file.

The CHAIRMAN: They were all distributed on July 8.

Mr. McCANN: He needs an assistant.

Section agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

MARION ELLEN TOPP DORE

The house in committee on bill No. 23, for the relief of Marion Ellen Topp Dore—Mr. Casselman—Mr. Bradette in the chair.

On section 1—Marriage dissolved.

Mr. CRUICKSHANK: May I ask for an explanation of this bill?

The CHAIRMAN: Shall clause 1 carry?

Mr. CRUICKSHANK: No. I have asked for an explanation and I want an explanation. I presume the hon. member sponsoring the bill is in his seat.

The CHAIRMAN: Shall clause 1 carry?

Some hon. MEMBERS: Carried.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed, on division.

FREDERICK HUBERT FAIRBANKS

The house in committee on bill No. 25, for the relief of Frederick Hubert Fairbanks—Mr. Hill—Mr. Bradette in the chair.

On section 1—Marriage dissolved.

Mr. CRUICKSHANK: I am going to object again. Either I am right, or I am wrong.

An hon. MEMBER: Wrong.

Mr. CRUICKSHANK: When the members have had their amusement I will continue. I cannot pronounce the name, but the bill is under the name of Mr. Whitman.

The CHAIRMAN: The bill to which the hon. member refers has already been passed. We are now on Bill No. 25.

Mr. CRUICKSHANK: According to my copy of Routine Proceedings and Orders of the Day, Monday, July 19, order No. 25 stands in the name of the hon. member for Mount Royal (Mr. Whitman).

The CHAIRMAN: That bill has been passed.

Mr. CRUICKSHANK: I have asked for an explanation. I should like to know who is this man Lazarowitz Cohen.

The CHAIRMAN: This evidence was taken before a committee of the senate where it was thoroughly discussed, and a decision given on all these bills.

Mr. CRUICKSHANK: I have been waiting for that opportunity for a long time. Can another place decide how I am to vote in this house?

The CHAIRMAN: A committee of this house has also discussed the evidence.

Mr. CRUICKSHANK: Is another place to tell me how I am going to vote? I want to know the details. I am interested in this. I will be frank and admit that previously I wanted to embarrass a certain member from Montreal, but now I want to know how another place is going to tell me how I am to vote? This bill will be tied up if it takes me two weeks to get an explanation, because that other place is not telling me how I am going to vote, when we have wasted the time of the House of Commons for two or three weeks on these bills.

The CHAIRMAN: Shall the section carry?

Mr. CRUICKSHANK: No; I have asked for an explanation.

The CHAIRMAN: If the hon. member objects to its being carried, I shall have to ask for a vote: Those in favour, please say, aye.

Some hon. MEMBERS: Aye.

The CHAIRMAN: Those against, please say, nay.

Some hon. MEMBERS: Nay.

Mr. COLDWELL: We have no idea what this calling of "yeas" and "nays" is about. We have not heard the motion; we have heard nothing at this end of the chamber. We have witnessed a conversation going on across the benches. It seems to me that the hon. member for Fraser Valley is asking for some information with regard to this bill, and he is entirely within his rights to do so as a member of the house before he casts his vote for or against it. I should like to know what we are voting on, because I have not heard any motion whatsoever. May we have the motion read?

Mr. DONNELLY: The sponsor of this bill is not in the house at the present time to give an explanation. All these divorce bills have been heard by a senate committee where evidence was taken under oath. That evidence was printed and sent to every member of this house. If anyone does not know what took place, all he has to do is to look up his file and read the evidence. And not only that, but there is a private bills committee of this house. Two members of that committee attend at the sittings of the senate committee to listen to the conduct of these cases and to report back any proceedings which they do not

think are being handled properly. The sponsor of this particular bill is not here at the moment.

Mr. CRUICKSHANK: I am referring to bill No. 25, sponsored by the hon. member for Mount Royal (Mr. Whitman).

An hon. MEMBER: That has been passed.

The CHAIRMAN: This is bill No. 25. Bill No. 24 has been passed.

Mr. CRUICKSHANK: Is bill No. 25 the next one?

The CHAIRMAN: We are on Bill No. 25. Shall section 1 carry?

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed, on division.

JOSEPH FERNAND ST. LOUIS

The house in committee on bill No. 33, for the relief of Joseph Fernand St. Louis—Mr. MacInnis—Mr. Bradette in the chair.

On section 1—Marriage dissolved.

Mr. CRUICKSHANK: I presume I am in order at this time. I ask the hon. member to explain.

Mr. WHITMAN: I am at a loss to understand why the hon. member for Fraser Valley should have such an interest in these divorces. This bill appeared before the senate committee and the evidence was fully discussed. A copy of the evidence was presented to the hon. member for Fraser Valley, and if he was interested in this particular divorce he could have got all the information he needed since it was available to him or to any other hon. member. I have not any further information to give him than was given before the committee. I am at a loss to understand why he wants any further information. If he had read the evidence he would have the full facts before him.

Mr. CRUICKSHANK: I appreciate the lecture given me by the hon. member for Mount Royal, but I presumed that when a bill was sponsored by a member he would be conversant with the facts, and would not base his decision upon what he had read or upon hearsay evidence. I am not a lawyer, but I know that hearsay evidence is not the law, that evidence is not what one has read or heard. I do not want to ask too many questions of the hon. member, but I think the hon. member for Rosetown-Biggar (Mr. Coldwell) agrees with the stand I am taking. I am being told that because some evidence comes before me in a certain form from another place I am supposed to vote. Parliament is supreme and I believe I am entitled to this information. I may have been somewhat annoying to my hon. friend before, but this is really serious. I do not want to go back to my riding and tell my people that I am asked to make a decision in this chamber on some evidence that is handed to me in printed form. I do not always agree with my hon. friends to my left whom I sometimes accuse of taking up time in this chamber in discussing matters not concerning farmers, but thousands and thousands of dollars have been spent on printing such nonsense as these reports. We are asked to consider them and base our decision upon what has occurred in some other chamber or some other place. I am expected to take what they offer in the form of evidence as being right. I strongly object to doing that. I think at least my hon. friends to my left will be with me, even though my hon. friends in one or two provinces may be afraid to agree with me.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed, on division.

LEO GUAY

The house in committee on bill No. 88, for the relief of Leo Guay—Mr. Tomlinson—Mr. Bradette in the chair.

On section 1—Marriage dissolved.

Mr. GLADSTONE: I respectfully ask Mr. Chairman, that consideration of this bill be deferred and that you continue with the others, for the reason that in the private bills committee a vote was taken which, as I recall it, was six to five. Under these circumstances we feel that this bill should receive further consideration by the members of this house.

The CHAIRMAN: I must say to the hon. member for Wellington South that this is the last bill for consideration in committee and third reading; the other bills are for second reading.

Mr. GRAYDON: May I say this, that these bills have gone through quickly to-night. I should like to associate myself with those who have made at least some token opposition with respect to the passage of some of them. I am pleased that the hon. member for Wellington South, and some other hon. members who have spoken, have shown at least that this is an independent institution, operating under our parliamentary system. If

nothing else has been accomplished to-night in the great rush of legislation, at least through this medium we have established our position, so far as the independence of the House of Commons is concerned.

It is all very well to rush these bills through, but the public does not understand the situation when so many pieces of legislation are going through so quickly. They have no idea that these matters have been dealt with in other places. But, whether they have been or not, I say that does not relieve us or discharge us from our duty of dealing with these bills in this house as we see fit.

In most instances there is no need for opposition to the bills. The terms in respect of them are well understood. Nevertheless I say it is important that this House of Commons shall not take for granted decisions which have been made in other places, or made even by committees of this house. The point now taken by the hon. member for Wellington South ought to be taken into consideration by this committee, if there is any doubt with respect to it. If that does exist, then it ought to be given proper consideration.

Mr. COLDWELL: I was waiting until these bills had been read before rising to make a similar protest. Some of us have protested about this procedure year after year. This practice is really a reflection upon our whole system of government. To-night I believe we have passed something like seventy-five bills in about half an hour. True, these bills have been discussed in another place, but if we pass the bills to-night we are taking the responsibility for dissolving about ninety marriages. I say that responsibility is one which should not be imposed upon the House of Commons or upon this parliament. It is about time we got down to a consideration of ways and means of removing this blot from parliament itself. I am not one who does not believe that there are occasions when the compulsory living together of people may be a crime against society. But I do say that this method of dealing with divorce cases in Canada is a scandal, so far as this country is concerned, and one which ought to be stopped. I want to join in the protest made by the leader of the opposition.

I am not so sure that I can support the objection by the hon. member for Wellington South, because I know nothing about the matter. Someone will say, "Why do you not read the evidence?" Well, I must confess I never have had the time to read the printed evidence in these cases. I doubt very much whether any hon. member has read the printed evidence in respect of the cases we have before us to-night; and I rather suspect that if we did read the evidence in the ninety cases, we would find that in all it was pretty much along the same lines—which, also, I think, is rather a scandalous condition.

I join in the protest which has been made. A similar protest is made year after year. As I said last year, if this were peace time instead of war time, I would demand that every one of these bills be discussed, clause by clause, and passed separately. In that way we might take up so much of the time of the house that the house might eventually decide that there could be another way of handling this problem. To-night we have made our protest again, one which I think is quite proper. As I have said, this procedure is a blot on the institution of parliament, and it imposes upon members of parliament a responsibility which only judges in our civil courts, in the provinces which deal with these cases, ought to have placed upon them. In my opinion this house, in any event, should not be called upon to assume that responsibility.

Mr. GRAYDON: May I just add one further word. There is no reason that comes to my mind why we should be faced with so many bills at one particular sitting of the house. That is a point which I thought perhaps the hon. member for Rosetown-Biggar might mention, but one which apparently he overlooked. We have no right to be asked in an hour's time devoted to the passage of private bills, in the last week of a session, to deal with so many bills. It is impossible to give them the attention to which they are entitled. Without directing any special criticism to the government in this respect, I say that I hope it will not permit this to happen at another session, because it is not fair to the committee and it is not fair to the public, when they read a report of a sitting of this kind.

Mr. BLAIR: I am sure hon. members do not wish to have all these divorce bills trailed through the house, and have all this vulgarity and slander discussed before the house day after day. I believe hon. members are looking for some job which we should not have to do. These matters could be left with the senate, very easily, and with our own parliamentary committee. I would seriously object to having this trailed through the House of Commons, and taken up, day after day, before the general public. It is something which should be discussed in camera.

Mr. GRAYDON: Either we should deal with it, or we should not deal with it; that is my point.

Mr. CRERAR: I sympathize with the hon. member for Rosetown-Biggar in the point he has raised. However, I do not know that this is the proper stage at which to raise it, namely when we are discussing the passage of these bills.

Mr. COLDWELL: I do it every year.

Mr. CRERAR: Undoubtedly it would be much better if some other procedure could be found for dealing with these cases, rather than have them dealt with as we deal with them in the house to-day. We could, of course, discuss each bill. There might be some merit in the hon. member's suggestion that we should so tax the patience of the house that some other way would be brought about for dealing with them. But, after all, it appears to me this is not the proper time to raise that point.

In regard to the point raised by the leader of the opposition, these private bills have stood over from time to time. Ordinarily we take an hour each week for the discussion of private bills. But the amount of work which has been brought before the house as a result of the war, including the war appropriation measure, the discussion of which has so far required over twelve weeks, has precluded the possibility of having these bills considered in the ordinary way. That is why they are being considered to-night. I do not think my hon. friend's objection is on very solid ground in that respect.

Mr. REID: The hon. member for Rosetown-Biggar has mentioned having these cases decided in the courts. I would point out, however, when the courts are mentioned, that any who have visited the courts when these cases have been heard will realize how little consideration is given in those courts. I have seen them go through the courts in two minutes, which is far less time than when they are considered by a committee of this house.

Mr. GRAHAM: I believe the hon. member for Wellington South was referring to bill No. 88. I would join in his request that that bill be not dealt with to-night, because there are some matters in connection with it requiring further consideration.

Mr. GRAYDON: In answer to the hon. member for New Westminster I would say that the last person in public life in Canada who dared say something about the courts, and their consideration of cases, received at once from the Minister of Justice the threat that he would apply censorship. I just tell my hon. friend that he had better watch out.

[Mr. Graydon.]

Mr. FAIR: On behalf of this group I wish to add my protest.

Some hon. MEMBERS: Nine o'clock.

Mr. FAIR: On behalf of the Social Credit party I wish to add my protest to those who have already protested to-night.

Some hon. MEMBERS: Nine o'clock.

Mr. FAIR: Since I have been a member of parliament I have seen these bills rushed through in the same way they are being rushed to-night It is now time to take some stand, and have these bills dealt with in the proper manner.

Section stands.

Bill stands.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 67, respecting the Canada North-West Land Company Limited.—Mr. McIlraith.

Bill No. 11, for the relief of Sheila Joan Milligan Hodgson.—Mr. Abbott.

Bill No. 53, to incorporate Montreal Shriners' Hospital Foundation.—Mr. Abbott.

Bill No. 56, to incorporate the Felician Sisters of Winnipeg.—Mr. Howden.

Bill No. 12, for the relief of John Elliott Cockerline.—Mr. Hill.

Bill No. 13, for the relief of James William McDonald.—Mr. Hill.

Bill No. 14, for the relief of William James Chafe.—Mr. Emmerson.

Bill No. 15, for the relief of Nettye Steinberg Litner.—Mr. McIlraith.

Bill No. 16, for the relief of Mollie Jaslow Mitnick.—Mr. Casselman (Grenville-Dundas).

Bill No. 17, for the relief of Eleanore Jeanne Lonn Yanofsky.—Mr. McIlraith.

Bill No. 18, for the relief of Ada Lahn Corber.—Mr. McIlraith.

Bill No. 19, for the relief of Bessie McKenzie Balfour Whiteley Williard.—Mr. Boucher.

Bill No. 20, for the relief of Marion Catherine Bremner.—Mr. McIlraith.

Bill No. 21, for the relief of Feodor Karpenko.—Mr. Fulford.

Bill No. 22, for the relief of Dorothy Platt Vaz.—Mr. Whitman.

Bill No. 25, for the relief of Frederick Hubert Fairbanks.—Mr. Hill.

Bill No. 26, for the relief of Maude May Frances Adlam Clare.—Mr. Hill.

Bill No. 27, for the relief of Gladys Mae Bond Jarvis.—Mr. Emmerson.

Bill No. 28, for the relief of Max Shulman.—Mr. Emmerson.

Bill No. 29, for the relief of Walter Pestun, otherwise known as Walter Preston.—Mr. Tomlinson.

Bill No. 30, for the relief of Sonia Litvack Shalinsky.—Mr. McIlraith.

Bill No. 31, for the relief of Evelyn Margaret Cooke Phippard.—Mr. Macdonald (Brantford City).

Bill No. 32, for the relief of Muriel Anna Chapman Longmore.—Mr. MacInnis.

Bill No. 35, for the relief of Norma Mady Albert Chamandy.—Mr. Macdonald (Brantford City).

Bill No. 36, for the relief of Gerald Clarkin.—Mr. Emmerson.

Bill No. 37, for the relief of Edith Rose Smith Gendron.—Mr. Emmerson.

Bill No. 38, for the relief of Alice Bernadette Choiniere Horner.—Mr. Abbott.

Bill No. 39, for the relief of Eva Pearl Gilbert.—Mr. McIlraith.

Bill No. 40, for the relief of Emma Cowsill Hill.—Mr. Fulford.

Bill No. 41, for the relief of David Joseph Kennedy.—Mr. Hill.

Bill No. 42, for the relief of Leopold Boucher.—Mr. Emmerson.

Bill No. 43, for the relief of Beatrice Ashwell Dyson.—Mr. Abbott.

Bill No. 44, for the relief of Freda Sybil Nisbet Baldwin.—Mr. McIlraith.

Bill No. 45, for the relief of Sam Hadis.—Mr. Fulford.

Bill No. 46, for the relief of Carmen Hilda Olesker Gold.—Mr. Macdonald (Brantford City).

Bill No. 47, for the relief of Léo René Doré.—Mr. Hill.

Bill No. 48, for the relief of Mary Sophia Viora St. Pierre Malhoit, otherwise known as Mary Sophia Viora St. Pierre Mayotte.—Mr. Whitman.

Bill No. 49, for the relief of Violet Victoria Green Auclair.—Mr. Abbott.

Bill No. 50, for the relief of Laurette Jobin Lalumière.—Mr. Macdonald (Brantford City).

Bill No. 51, for the relief of Elizabeth Gunn Sparling.—Mr. Claxton.

Bill No. 52, for the relief of Bella Lerner Efros.—Mr. Whitman.

Bill No. 61, for the relief of Kathleen Ena Ball Royer.—Mr. Abbott.

Bill No. 62, for the relief of Margaret Heddrick Lieth Gauld.—Mr. Claxton.

Bill No. 63, for the relief of Elizabeth Alexandra Ida Robb Lewis.—Mr. Emmerson.

Bill No. 64, for the relief of Joseph Aloysius Lavigueur.—Mr. Casselman (Grenville-Dundas).

Bill No. 79, for the relief of Helen Alissamon Wheeler Baker Macoun.—Mr. Claxton.

Bill No. 80, for the relief of Adele Le Roy Fuller Hardy.—Mr. Hill.

Bill No. 81, for the relief of Constance Maxine Keating Noseworthy.—Mr. Abbott.

Bill No. 82, for the relief of Alvina Antoinette Bouchard Winterson.—Mr. McIlraith.

Bill No. 83, for the relief of Bernice Evelyn Berman Sholomenko.—Mr. McIlraith.

Bill No. 84, for the relief of Marjorie Florence Gray Lever.—Mr. Whitman.

Bill No. 85, for the relief of Robert Gordon Shaw.—Mr. Macmillan.

Bill No. 87, for the relief of Uuno Ojalammi.—Mr. McIlraith.

Bill No. 89, for the relief of Marie Beatrice Arsenault Thériault.—Mr. Abbott.

Bill No. 90, for the relief of Margaret Varga Csabi.—Mr. MacInnis.

Bill No. 91, for the relief of Frances Helen Shand Howell.—Mr. MacInnis.

Bill No. 92, for the relief of Charles Cardin.—Mr. Ross (St. Paul's).

Bill No. 93, for the relief of Gladys Irene Harrison Mathers.—Mr. Casselman (Grenville-Dundas).

Bill No. 94, for the relief of Eileen Grace Shearer Taylor.—Mr. Macdonald (Brantford City).

Bill No. 97, for the relief of Maitland Richardson Silvester.—Mr. Claxton.

Bill No. 98, for the relief of Agnes May Jack Jackson.—Mr. Ross (St. Paul's).

Bill No. 99, for the relief of Marie Fernande Broca Taisne.—Mr. Ross (St. Paul's).

Bill No. 100, for the relief of Samuel William Simon.—Mr. Fulford.

Bill No. 101, for the relief of Vera Venning Prestt.—Mr. MacInnis.

Bill No. 102, for the relief of Katherine Scott Thacher.—Mr. Diefenbaker.

Bill No. 103, for the relief of Elias Shapiro.—Mr. MacInnis.

Bill No. 104, for the relief of Fannie Rubin Segal.—Mr. MacInnis.

Bill No. 105, for the relief of Doris Mae Sangster Webster.—Mr. Abbott.

Bill No. 106, for the relief of Charles Joseph Wilfrid Rousseau.—Mr. Macdonald (Brantford City).

Third readings of divorce bills agreed to on division.

SECOND READINGS

Bill No. 111, for the relief of Gertrude Mantha Hore.—Mr. Fulford.

Bill No. 112, for the relief of Claire MacLaren Hunter Barlow.—Mr. Ross (St. Paul's).

Bill No. 113, for the relief of Mary Constance Helena Keys Bates.—Mr. Claxton.

Bill No. 110, for the relief of Jean Sylvia Murley.—Mr. Boucher.

Bill No. 114, for the relief of Margaret Anne Richards Johnstone.—Mr. Whitman.

Bill No. 117, for the relief of Marion Mathilda Heversage Jost Hooper.—Mr. Whitman.

Bill No. 115, for the relief of John Whitehead Casement.—Mr. Emmerson.

Bill No. 116, for the relief of Elaine Alice McCormick Desrosiers.—Mr. Hill.

Bill No. 118, for the relief of Phyllis Beatrice Barnett Woodham.—Mr. Hill.

Bill No. 120, for the relief of Ethel Wendman Lebenstein.—Mr. Boucher.

Bill No. 121, for the relief of John Preble Macintosh.—Mr. Abbott.

Bill No. 122, for the relief of Sonia Libenstein Kolber.—Mr. Whitman.

Bill No. 123, for the relief of Gilberte Piché Ouimet.—Mr. Macdonald (Brantford City).

Bill No. 124, for the relief of Irene Maud Pardellian Wright.—Mr. MacInnis.

Bill No. 125, for the relief of May Gertrude Russell McCarthy.—Mr. Hill.

Bill No. 126, for the relief of Geraldine Charlotte Wrangel.—Mr. Abbott.

Bill No. 128, for the relief of Theodore Panos.—Mr. Macdonald (Brantford City).

Bill No. 130, for the relief of Pierre Henri Honoré Paré.—Mr. Casselman (Grenville-Dundas).

Bill No. 127, for the relief of Anne Marie Garon Brown.—Mr. Claxton.

Bill No. 129, for the relief of Glendon Malcolm Robert MacCallum.—Mr. Claxton.

Bill No. 131, for the relief of Beatrice Belodubrofsky Schiller.—Mr. McIlraith.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I move that standing order 105 be suspended in relation to the bills read a second time this day.

Motion agreed to.

FARMERS' CREDITORS

CONSOLIDATION OF ARRANGEMENT ACT OF 1934 AND AMENDMENTS

The house resumed in committee on bill No. 132, to facilitate compromises and arrangements between insolvent farmers and their creditors.—Mr. Ilsley.—Mr. Bradette in the chair.

On section 1—Short title.

Mr. JOHNSTON (Bow River): When the house rose at six o'clock I had been expressing my regret that the government had taken no notice of the recommendations of the western debt conference in drafting this bill. It seems unfortunate now that the three prairie provinces went to all the trouble of studying economic conditions in regard to agriculture and calling a convention in Saskatchewan to confer on matters relating to debt adjustment only to find, after all their trouble, that their recommendations received no recognition except in the one instance by the inclusion of the province of Manitoba.

I had also made reference to the fact that under this bill only one proposal is allowed. Once a proposal is made and the terms of the agreement are fixed, no matter what new conditions may arise, whether it be a crop failure on account of drought, grasshoppers, hail or for any other reason, there can be no revision of that proposal. That one proposal stands and cannot be changed.

The Minister of Finance the other day, speaking of agricultural prices, said that he believed it was next to impossible to set parity prices for farm products, because costs of production varied so much from farm to farm and from province to province. Following the minister's own argument in that regard, surely he must see the discrimination that will result from a bill such as this which provides no opportunity to revise a proposal from time to time as conditions change. If, as has been indicated, this bill is to put things on a business basis; if the farmers will have to conduct their agricultural operations on a businesslike basis, surely we must make it possible for the farmers to meet their obligations on a business basis. It is ridiculous to ask agriculture to be the only industry in Canada that is not working on a business basis, not because the farmers themselves are to blame, but because the government refuses to give them parity prices. We must put the blame where the blame belongs. There is no other industry in Canada that is not receiving its cost of production and a fair commission. Take, for instance, the aircraft industry, or the automobile industry, which is now producing transport vehicles for the armed forces, or take a gun factory, or anything you like, and you will find that every one of these industries is working on a business basis and receiving cost of production plus a fair commission. That does not mean that an aircraft plant in Montreal that may be making the Bolingbroke is getting the same price as a Toronto factory making the Bolingbroke, because the costs will vary with each plant. Nevertheless both plants get the cost of production plus a fair commission. Now apply that to agriculture whose costs, according to the Minister of Finance, vary from place to place and from one province to another. The

cost of production in Saskatchewan may be different from the cost of production in Alberta or in Manitoba, and the cost of production at one point in a province may be different from the cost of production at another point. Yet, if it is possible to give the cost of production and a fair commission to other industries whose costs vary from place to place and province to province, why should it not be possible to do that for agriculture?

Now we are saying to the farmers by this bill: We are going to make a proposal and we are going to make you live up to it. Then I think in all fairness to all parties concerned we must make it possible for these proposals to be revised from time to time.

There is another thing that I think is exceedingly unfair. By section 7 of the bill the cut-off date is made December 31, 1938. Section 7 states:

> Where a farmer . . . is unable to meet his debts as they become due, if two-thirds of the total amount thereof are owing by him in respect of debts incurred before the first day of May, 1935, he may make a proposal under this act for a composition, extension of time or scheme of arrangement.

If you make the cut-off date December 31, 1938, it is unfair to recognize only two-thirds of the debts incurred before the first day of May, 1935. It would not be quite so bad if the government said that December 31, 1938, was to be the cut-off date for all debts incurred up to that time. I cannot understand why, when the cut-off date is made December 31, 1938, a farmer's whole debt up to that date is not included. The proposal here is exceedingly unfair, because agriculture has not had the same treatment as other industries in this country. Since 1938 the farmer has had to pay higher prices for the things he has to buy. He has sold his products at less than cost of production. Surely we should have brought the debt adjustment up to date and made it at least to 1942. I cannot see why we should have brought it up to the beginning of the war and then stopped there. I think the minister should consider changing this section to bring these debts up to 1942; or, failing that, the least he could do would be to make the full adjustment of the debt up to December 31, 1938.

I am not going to discuss the general principle of the bill any longer, but will content myself with dealing with the sections as they come up.

Mr. DIEFENBAKER: I assume that this is the only opportunity one will have to ask certain general questions that would not arise in connection with the several sections. I should like to know why the Central Mortgage Bank Act, which was assented to on June 3, 1939, under which the government was given the power to cooperate with lending institutions in the reduction of debt and in providing a considerable sum of money in order to permit farmers to borrow money or to have their debts amortized at a low rate of interest, has not been brought into effect. Under that act the farmer would have been given an opportunity to have his debt written down by agreement; he would have been given the privilege of borrowing money at a low rate of interest; and in that way the measure, operated in connection with the provisions of the Farmers' Creditors Arrangement Act, would have been of great advantage to the farmers of western Canada as a whole. That act has been on the statute books now for over four years. It represented, I think, a serious endeavour on the part of the government to meet the situation prevailing in the western provinces and generally throughout Canada, and I should like an explanation from the minister why it has not been made operative. Had it been, it would have proved of inestimable value to farmers finding themselves in a position where they are unable to meet their debts in full. It would have given them an opportunity to consolidate their debt at a rate of interest which would have made payment possible.

Mr. ILSLEY: In my opening statement to-day I dealt briefly with the matter of the central mortgage bank. The language I used was, I think, this:

> Due to the outbreak of war in September, 1939, this act has never been brought into force, and it was not considered advisable to implement it during the war years because of the uncertainties which the war interjected into such fundamental matters as the values of farm lands and the real value of farm income. Moreover it was considered that the national credit must be utilized to the full in the prosecution of the war.

When the war broke out it was not possible to foresee what might happen to farm values. A great deal of work was done in valuing farms in western Canada in 1939, and it was on the basis of those values that the mortgages were to be adjusted under the central mortgage bank legislation. Moreover, the act entailed a large obligation on the government. I was not Minister of Finance at that time, and I do not know too much about the central mortgage bank legislation, but my recollection is that it meant a payment of $200,000,000 or something like that to lending institutions.

Then, of course, the act was very controversial. A great many hon. members were

opposed to it; and it did not seem to be the appropriate thing during a war, when values were certainly not static, and when values which farm lands might take on would not necessarily bear much relation to the values set in 1939 for the purposes of the act, to go ahead with the act.

The act was a most difficult one to put into operation. It would require a large organization. My recollection is that it also involved a widespread writing-down of interest rates on mortgages in the cities. Altogether, the problems raised and the difficulties entailed were so great that it seemed to be inappropriate to proceed with the act in an unsettled period such as war time.

Mr. DIEFENBAKER: In view of the wide changes which are now being made in the present act, is it not considered appropriate now to bring that act into operation in order to render more effective the bill before the committee?

While I am on my feet there is another general question I should like to ask; it has to do with the order in council which was passed, including the terms of section 15, subsection 1 of a statute of Saskatchewan, in order to enable the provincial debt adjustment boards to protect the farmer from actions. Is it the intention of the government to continue that order in council in effect until the conclusion of the war?

Mr. ILSLEY: Yes.

Mr. DIEFENBAKER: I would ask, if it is, why were its provisions not included in this bill?

Mr. ILSLEY: The only way they could be included in the bill would be by fixing a period during which they would be in operation. That would be the only section of the bill which would have any such limitation in it. The bill is a continuing measure, while the other is limited to the duration of the war. That is, it must be limited to the duration of the War Measures Act. The War Measures Act will be in force until there is a proclamation by the government declaring that the war is at an end, and it is the intention of the government that this order in council shall remain in force until that time. But when I say that, I am not giving an undertaking. The terms of the order in council themselves indicate that that is the intention, because the order in council, if I remember correctly, admits the desirability of keeping efficient producers on the land for the duration of the war. But I have no right; I have no power to bind the government of Canada as such not to change that order in council, or for that matter, any order in council. All I can say is that it is the present intention of the government to leave that order in council in force as long as the War Measures Act is in operation.

Mr. DIEFENBAKER: Has the minister secured an opinion from the Department of Justice as to whether or not the debt adjustment legislation now in effect in Saskatchewan is valid, when taken in conjunction with the order in council passed by the governor in council pursuant to the War Measures Act?

Mr. ILSLEY: I do not think we did secure any such opinion, but the general assumption is that the privy council decision was a decision that the debt adjustment legislation of the western provinces was ultra vires. It may be that some sections of that legislation are intra vires, and while I did not go into the matter thoroughly it occurred to me, and I remember arguing at one conference, that possibly the section of the Saskatchewan act which is reproduced by this order in council was itself intra vires inasmuch as it was a step to be taken in proceeding and that it was different from the legislation which was impeached by the privy council. But my own argument did not altogether convince me and it certainly did not convince others. I do not know whether it is intra vires or ultra vires, but what is the difference? We can deal with it effectively under the War Measures Act and we did so, and there is no question about a measure passed under the War Measures Act being intra vires.

Mr. GRAHAM: On rising to speak to this particular piece of legislation, I have been wondering whether the farmers of Saskatchewan need to be more on guard against the hon. gentlemen who sit in the two parties to the extreme left of yourself, Mr. Chairman, or the so-called big interests who are pictured as such a plague to western Canada. I feel that those in this house who take the individual extreme case and upon that case paint a picture of utter destitution and utter futility of attempting to cure by reasonable methods the ills of the people of western Canada must alienate to a considerable extent the intelligent opinion of members of this house and of the people generally who reside in provinces other than the three western provinces. I am proud to say that I have followed the course of this legislation with a great deal of interest and with one desire only, namely, to be of practical use and to further the attempt to meet the real necessity that faces the people particularly of my own province.

We have heard about the necessity of this type of legislation. I think the farmers of western Canada themselves would readily

agree that it is a most regrettable fact that this special type of legislation was needed, or is needed or will be needed in the future. But I believe that any fair-minded person who studies the history of the economy of the west, particularly during that period of drouth accompanied by world-wide depression, must long since have come to the conclusion that some particular type of legislation was needed to deal with an extraordinary situation, national in its dimensions and affecting a great number of very fine citizens, and that not only in the interests of those farmers themselves, but in the interests of Canada as a whole some such legislation as the Farmers' Creditors Arrangement Act was necessary. And it was, as hon. members know, a Conservative government under Mr. Bennett who initiated this particular act.

I believe, too, that all hon. members can readily understand that at the commencement of a drouth or of a depression period it slowly comes home to all of us that the drouth period or the depression period is going to extend over any great length of time. It is a truism of human nature that hope springs eternal. We all think that this year or next, conditions will again be normal and that the necessity for some special provision will not apply. That explanation is one of the reasons for the type of proposal made by the boards of review which were set up under the act as first passed.

The hon. member for Weyburn, in the first part of his address this afternoon, suggested that it was a judicial sense of appreciation of property rights, but later I believe he gave the real reason, namely, that it was simply a combination of inexperience and failure to appreciate the job that had to be done that gave rise to the incompleteness of the early proposals. Simultaneously with the introduction of this act in fact before this particular act was passed, as one would expect, the legislatures of the three western provinces, being closer to the problem, introduced their debt adjustment legislation, which operated unquestioned for a number of years. Even to-day, despite the fact that the privy council has ruled that the Alberta act is ultra vires and, as a result, the legislation of the other two provinces is likely to be in the same position; notwithstanding that decision, I say, in my province the creditor class goes to the debt adjustment board for the necessary permission to initiate any proceedings. It is clear, therefore, the act that was passed in my province worked to the reasonable satisfaction of both the creditor and the debtor class.

There was, however, this profound difference between the two types of legislation. The provinces never claimed any right, except possibly the province of Alberta, but certainly Saskatchewan never did claim any right to cut down compulsorily either the principal or the rate of interest in any contract. It realized that it did not have that particular power and authority. This act passed by the dominion authority did give the tribunals entrusted with the administration the power to reduce both principal debt and interest. We all know, despite the willingness of the creditor class generally to cooperate with the provincial legislation, that it would be highly inadvisable to rely on legislation upon which the privy council had passed an adverse opinion. Some day somebody will claim in the courts the right to question the validity of the act and, as a result, will be granted a favourable decision. So that I naturally, with other western Liberal members, followed with close interest the attempt of this authority, the dominion, to deal reasonably with the problem that was thrust upon it as a result of the privy council decision.

In the first place, it has already been called to the attention of the committee that this government has passed an order in council which provides that under an agreement for sale or under a mortgage the court with jurisdiction may stay action if it sees fit, or may postpone the payment of the debt, or, if the occasion arises, may vary or extend the order, all for the purpose of retaining the farmer upon the land. That order in council was very important to us, and we are assured that it is the intention of the government to permit that order in council to remain in force for the duration of the war.

We must, therefore, consider what the dominion government has done, under the provisions both of this bill and of the order in council which has been in force throughout the three western provinces. A number of members, particularly from Alberta and also from my own province, have referred to the submission made by the three western provinces after the conference on debt and have suggested that the government has made no or very little attempt to carry out the recommendations of that conference. Let us examine just what the three provinces recommended in principle. They recommended "that a tribunal or tribunals be created by the appropriate legislative authority in Canada, first, to write down the pincipal of farm debts, secured and unsecured"; that is to be found in this bill; second, "to reduce the interest rate on farm debts, secured and unsecured"; that principle is to be found in this bill; third, "to alter the terms of payment of farm debts, secured and unsecured"; that principle is to be found in this bill.

Fourth, "to review and revise its own decisions in the light of events subsequent to the making of the decision." Western members have pointed out frequently that one of the things that caused irritation in the administration of the act was the fact I have referred to earlier, that decisions were made by those who were inexperienced or, as the hon. member for Weyburn has said, timid in approaching the problem of actually making a proposal. It was considered extremely unfair that those who had come before were subject to the terms of early proposals that were not properly fitted to take care of the debtor's position. It is true that this bill does not go so far as to give to the new tribunal the power to review every proposal made by any board of review, but I think it goes a long way. It gives to the new tribunal the power to review any proposal made prior to December 31, 1938.

All of us know that 1937 was probably the most disastrous year that came to western Canada. Since that time our farmers have not been offered credit on anything like the same scale, and very few have been able to get into any substantial amount of debt since that particular period. In addition, a great many farmers have learned the lesson that getting into debt is a much easier task than getting out. I think, having in mind all the circumstances, the provisions of the bill with regard to review substantially grant the requests of the three provincial governments. In any event it is a distinct improvement over the old act and, if circumstances and time prove that it is not sufficient, then parliament still remains one of our institutions to which we can come and present our case again.

Fifth, "to extend to individuals in any particular year or circumstances the protection of any of the provisions of this legislation available to any debtors, whose affairs are being administered under it." This bill does not meet that particular request, and it seems to me that this legislation could not possibly deal with that. We would have to be prepared to bring in special legislation to deal with solvent persons who happened to meet a particular difficulty that might require assistance of this kind. Sixth, "to stay proceedings arising on debts or securities after an adjudication has been made"; that provision is in the bill.

Seventh, "to make the foregoing remedies available with respect to any farm debts regardless of the time at which they were incurred." Again the bill only partly grants the seventh proposal. As hon. members know, that particular request would make this legislation a continuing act, applicable at any time to farmers who had got into financial difficulties. The bill provides that any debt, two-thirds of which were incurred before May 1, 1935, may be brought before the tribunal. The bill goes farther in that it gives consideration to the fact that one of the contributing factors after 1935 to the difficulties of the farmers was the accrual of interest. Possibly two items, interest and taxes, would go a long way to make up a very substantial portion of all new debt incurred by western farmers after May 1, 1935. The bill provides that included in the computation of this two-thirds of the debt shall be not only the mortgage principal but the interest that has accrued upon the mortgage or the agreement for sale, whether it occurred before May 1, 1935, or afterwards. In connection with taxes we have provincial legislation dealing with this particular matter. It is not nearly as important as that of accrued interest on mortgages and agreements for sale. Again I submit that the government is to be commended upon going a long way to satisfy the request made in the seventh clause by the provincial governments.

I may say that when making presentations to the Minister of Finance with other western Liberal members we tried to persuade the government that the time had now come to recognize the peculiar conditions under which farming was carried on in western Canada, and while at the moment—we had not then the news of the drouth that is now appearing in western Canada—farming conditions were reasonably good, common sense told us that sooner or later we would again have a drouth period in which the farmers might face difficulty. I have had always in mind the primary need of getting this legislation through parliament—I use that word advisedly, having in mind that parliament is more than the House of Commons—and I know that a great many people, in eastern Canada particularly, would not be in favour at this time of passing permanent-type bankruptcy legislation aimed directly to satisfy farmers' needs. When we consider the real advantages that are being offered to farmers of western Canada by the amendments contained in this bill I believe we can feel a sense of healthy appreciation of the difficulties which have been presented and a realization that the problem has been approached in a realistic way with a desire to go as far as possible along the road toward the solution of these difficulties.

I accept in toto the arguments of the hon. member for Peace River with respect to the

change in procedure. I do not look upon that as a loss to the farming community in which I live but rather as a distinct gain. I have in mind that, as he pointed out in connection with Alberta, the clerks of the court have been the provincial representatives of the debt adjustment bureau in Regina for a great many years, during which time they have gained considerable experience in negotiating settlements between debtors and creditors. They are now made the official receivers under this measure. Their experience; the fact that they are completely detached, in all personal respects, from both debtor and creditor, should enable them to be of considerable help in bringing about settlements before matters reach the district court judge or the appeal court. I believe also, with the hon. member for Peace River, that the fact of the district court judge being available to hear all such applications, and to deal with them as quickly as possible, will be of benefit as well. If, perchance, there should be any interlocutory applications necessary under the provisions of the act, he is available to hear such applications, which should be of great advantage to farmers who unfortunately have to take advantage of the protection of the provisions of this measure.

Then, as my hon. friend pointed out, and in this I wish to support the argument of the hon. member for Lake Centre, if the appeal judge is chosen wisely; if he undertakes the permanent task of going through a certain territory—my own province, for example—ironing out differences which may arise in the interpretation of these provisions by the various district court judges, making the application of the act uniform, giving every farmer who comes before him the full protection of our courts, with all the precedents that bind those courts in matters of fairness and justice, the farmers whom I represent will get a great deal more service under this particular measure than they could ever hope to get under the old act.

Mr. CASTLEDEN: That is just for insolvent farmers.

Mr. GRAHAM: Well, of course the word "insolvent" is especially defined in the act; as the hon. member knows, it means a farmer who is unable to meet his liabilities when they come due. A crop failure, or any disaster occurring to an ordinary farmer without liquid assets, of course would bring him within the terms of this act.

To continue for a moment with the matter of judges, I think placing the administration of this act back in the centre of each judicial district will mean a great saving in time and worry on the part of our farmers if, as I say, they are so unfortunate as to have to come under this act. We all know that the boards of review had a great deal of work to do. The hon. member for Mackenzie said they were able to deal with only two or two and a half per cent of the cases.

Mr. CASTLEDEN: Per year.

Mr. GRAHAM: My hon. friend is quite right, but I would remind him that some eight thousand farmers only in the three prairie provinces made application under the act.

Mr. CASTLEDEN: It was such a poor act.

Mr. GRAHAM: I do not think that is the explanation at all. This measure has had two advantages. In the first place it has dealt with the applicant for relief, and in the second place it has acted as an inducement to the creditor class to make voluntary settlements with their debtors. As my hon. friend knows, I come from the very heart of the drouth area of Saskatchewan, and I can say to him that in the last year or two there have been many settlements of debts as between debtor farmers and the creditor class. I am very happy to say that. I agree, however, that when the mortgage companies say that fact alone is sufficient to justify the repealing of all such legislation, they miss the whole point, which is that a year or two of reasonable prosperity in regard to both production and price levels cannot possibly hope to take care of the debts which have accumulated over a great many years. I always regret when the financial houses of this country place themselves in opposition to measures which would meet some of the real problems with which our agriculturists are faced. I am quite certain these companies do themselves no service by attempting to influence parliament from dealing fairly and reasonably with the farmer class. As a creditor myself I am absolutely convinced that it is a good thing for the creditor class as well as the debtor class for us to get this terrible structure of debt brought down to a position where the farmer may regain his hope of paying it off, by harnessing himself to that job. In the long run it will be found that the creditor class will benefit, together with the farmer class, when that position is reached, and that is what we are attempting to accomplish.

Someone in the Social Credit party, I think, said it was impossible for any farmer in western Canada to pay off his debts. Let me give the hon. member one example that came to my notice when I was home at

Easter. I recall a farmer coming to my office about four years ago, telling me his troubles and asking if I thought he should go under this act. I knew the man well; he was an old-timer and a first-class farmer. I said, "No, I do not think your financial position warrants your going under that act." Then he asked if I thought he should quit-claim title to a particular half-section of land. I said, "No. We are in the depths of the depression as far as agriculture is concerned. It can only improve; it cannot get worse. Stick to it; you are a good farmer, and if things break a little better, you will come out on top." When I was home at Easter that farmer was able to report to me that he had completely wiped off the debt on that particular half-section of land. This does not mean, however, that man is living in wealth and luxury. As someone has pointed out, farmers throughout Canada for many years have had to practise thrift to a degree which I do not think is consistent with the fine profession they follow. Nevertheless there are men in western Canada who are making progress. The situation in regard to the payment of current debts proves that; and the large reduction in past indebtedness is also an evidence of that fact. Unless we meet another period like that which we went through from 1930 to 1939, we shall find that the debt structure will be steadily reduced. Nevertheless, that problem is there; and I say to the mortgage companies and to the creditor class generally that they would be doing themselves a service if they would join with those of us who take a reasonable attitude in this matter, who do not aim for the moon but who strive for an act that will be reasonable in its provisions to both creditor and debtor, in order that conditions in western Canada may become much improved.

Finally, while I have unsuccessfully urged upon the government the adoption at this time of a measure designed to meet permanently the conditions under which the people of my province have to carry on farming, I am aware that more and more our legislation must recognize that out west we do not work on the basis of an annual turnover but rather on a much longer cycle; that periods of drouth are followed by periods of very good production, and our economy must take that into account. I hope that some day this or some other government will recognize the need and give us legislation of the kind I have mentioned. I would say to the minister also that I endorse everything that was said by the hon. member for Peace River in regard to section 33, for I think this section detracts from what I have said with regard to this bill. I do not think the section is wise or practicable, and I think the act would be greatly improved if this section were removed. If, however, for reasons which I cannot appreciate, the minister does not feel that this section can be wholly removed, I sincerely hope he will give consideration to amending it to make it not applicable to proposals that have been made hitherto, and that the period of five years may be reduced to two years.

Mr. SHAW: There are certain general observations I should like to make, while this particular section is before the committee. Ordinarily one would hesitate to occupy the time of the committee, particularly at this late stage of the session; but when one stops to consider that a matter of such extreme importance as this has been introduced during the dying days of a session, then I for one feel thoroughly justified in taking whatever time I consider necessary to discuss the matter.

Those of us who come from the west represent, in the main, agricultural sections of Canada. We come in daily contact, weekly contact, yearly contact with the farmers, and we have been able to develop an understanding and an appreciation of the difficulties confronting them, not for a period of only one year but throughout the years. Personally, I would feel extremely remiss in my duty if I were to permit this opportunity to pass without expressing my views.

Before doing so, however, may I say I was surprised to hear the hon. member for Swift Current indicate that the government of Saskatchewan knew that authority to pass a debt adjustment act did not rest with that province; because I have in mind the important part the government of Saskatchewan played when the Alberta government appealed against the disallowance of the Alberta acts. If I am not mistaken, the attorney-general of Saskatchewan proceeded to England in that connection. I was also disappointed that the hon. member did not discuss more fully the recommendations of the western debt conference with respect to the recurring aspects of the farm debt problem.

If my understanding is correct, I believe the recommendation was that these debts would be reviewed every five years. When one stops to consider our general economic instability as applied to agriculture, and when one recognizes that from time to time most unexpected things occur, he will realize that it is not the proper thing to place a farmer in a position where he is obliged to accept a proposal for settlement, and then, regardless of conditions which may develop in the

future, he must still abide by the terms of that settlement. I think, when we consider this aspect of the measure, all we have to do is to reflect upon those cases which were considered shortly after the Farmers' Creditors Arrangement Act became effective, where we found farm debts reduced by approximately sixteen per cent, and where, later on, owing to experience, I have no doubt, on the part of boards of review, and also on account of conditions which had developed, the average reductions amounted to approximately thirty-four per cent.

From time to time we have protested most vigorously about the fact that those farmers who came under the act, in the early years of its operation, were not permitted later on to have a further adjustment made. I cannot agree with the point of view opposed to the recognition of the recurring aspect of this debt problem. I would have been pleased if the hon. member for Swift Current had given us some indication of how we should treat debt created during the drouth period around 1936 and 1937, since the provisions of this measure will not give any consideration to that aspect of the problem.

I consider the farm debt problem one of the most important with which we have to deal, apart from the actual prosecution of the war; although it is an integral part of our actual war effort. The future of our basic industry will depend very largely, if not almost entirely, upon the nature of the legislation we pass at this time. Every industry in Canada, every business in Canada and, I dare say, every individual depend directly upon agriculture for existence. Therefore, in the light of that statement, it is not difficult to appraise the importance of agriculture in our national economy. The history of the farm debt problem is not fiction. I believe there is not an hon. member in the committee who is not thoroughly familiar with the difficulties encountered by our western farmers, especially in the past decade. We characterized that period as our pre-war depression, when the majority of western farmers worked without pay. I say that they worked without pay because the prices which prevailed during those years hardly, and in many instances actually did not pay the cost of production. I know that during all those years practically nothing was done to correct the condition which had developed.

It is a well known fact that many of our farmers exhausted their credit and had to assume the position of serfs. That is not an exaggerated assertion. All we have to do is reflect upon the conditions which developed in our own communities, and give a moment's consideration to the many farmers who either had to leave their farms or accept the position of tenants or serfs, operating those farms for someone else. I know that even in 1931, before we entered the most difficult part of the depression, only fifty-two per cent of our Canadian farms were free from debt. Therefore we could say that only fifty-two per cent of farms in Canada were actually owned by the individuals residing upon them. I know some may argue that if a small debt rests against a farm, that does not change the individual's status with respect to ownership. However, I cannot agree with that.

I know also that in 1931 about one out of ten of our Canadian farmers were tenants—and I use that term because some may take exception to the word "serfs". I do not know exactly what the picture was between the years 1931 and 1942, but we do have sufficient information to come to the conclusion that fifty-two per cent of our farmers resided upon farms in 1931 upon which there was no debt. That percentage had been materially reduced by 1940. The reason for that is obvious.

I say it is evident that there are certain organizations in this country which evidently welcome a trend toward this condition which I have described. It would seem that there are some who feel that if the individual occupies the position of tenant, being less independent, he may be more easily manageable. I have a quotation which I should like to give from a bulletin issued by the United States department of agriculture, entitled "Getting established on the Land", and I quote it because I think it is quite applicable to our own country:

> Thousands of farmers, large and small, have been unable to keep their heads above water under the impact of adverse forces since the world war. The small owners, burdened with debts, faced with competition, selling their products at low prices when depression hit, toppled into the ranks of the tenants. Tenants on the other hand found themselves squeezed out time and again as landlords were forced to cut them loose to find work as day labourers, if possible.

Very frequently we discover that becoming a tenant on the land which a farmer formerly owned is just one step toward having to leave the farm completely. I have always asserted that the finest situation which could develop for agriculture in this country would be to have the farmer own his parcel of land under a set of conditions which would guarantee that, as long as he was willing to play his part and do his best, he would continue to be the owner of that property.

Mr. EDWARDS: Would the hon. member concede the same for every other man in Canada?

Mr. SHAW: If I say that a farmer should be guaranteed a set of conditions which will enable him, as long as he plays his part, to remain the owner of his property, I would say that it is perfectly true so far as the business man or storekeeper and others are concerned, provided, however, that the individual does not engage in practices which are detrimental to his fellow men. I have in mind probably a monopoly which develops and exerts its evil influence upon the lives of a great many of our people.

We know many of the debts of our Canadian farmers were incurred while money was plentiful and while prices of the produce they raised were relatively high. I know it is often argued that if you make money available to farmers or anyone else, they will take it whether they need it or not. But that is a weak argument. My contention is that when many of our farmers secured loans, the prices of their farm produce were high and they had every expectation, in the majority of cases I know, of being able to repay the debts even at the rates of interest they had agreed to pay, which often were exorbitant. I believe that the large majority of our people are honest, but frequently we judge them by the very few who indulge in questionable practices. Many of those persons who secured loans while money was plentiful, were obliged to try to pay it back when money was scarce. All we have to do is to contrast prices in 1929 and 1933. The farmer who borrowed money in 1929, when wheat was standing at a fair figure of $1.40, was confronted with a most deplorable situation when in 1933 the price of the same wheat had dropped to about 34 cents a bushel for No. 1 northern at Fort William, and we know many farmers received as low as ten and twelve cents for the quality of grain which they grew. We must recognize and appreciate a position of that kind.

But the farmer struggled on. He was exploited in many respects. I should not like hon. members to take any wrong inference from my use of the word "exploited." I have in mind, for example, that farm machine prices went up and up and up, while produce prices went down. The farmer was also confronted with an increased tax burden in many instances, and I would even include in my term "exploited" what I regard as price manipulation. The farmer during that period lived in constant fear of losing his home. I had the opportunity of spending about one-third of my life in a community where the farmers were probably having more than the usual difficulties. I do not believe there was anything with which they were confronted that created more desperation in their hearts than the fear that to-morrow or the day after they might be evicted from their property. We have heard that one of our goals after the war is to be freedom from fear, and I would be hopeful that it would apply not merely to a cross-section of our population. No industry except agriculture, manned by the hardy fighters of the calibre of which our Canadian farmers are, could have survived the treatment they received during those years, and I definitely state that it is a credit to those people for putting up the fight which we all know they did put up during that period. The agriculture industry survives, and therefore we hear certain people advancing the argument that, if it survived once, it will survive again, and probably again and again. But while agriculture survives, there is not an hon. member here but would agree that it was badly crippled. However, in spite of the fact that it was crippled, it performed magnificent achievements when it was called upon to do so following the outbreak of war in 1939. Not only has it continued through the following years to make great achievements; it has also been committed to the tremendous task of providing foodstuffs for the countries of Europe which have been subjugated by the enemy. In spite of all that, regardless of the farmers' magnificent achievements, the best that we seem able to do is, first, pat them on the back, appeal to their patriotism, and tell them what fine fellows they are. No doubt the Minister of Agriculture has devoted a good deal of energy to patting our Canadian farmers on the back and appealing to their sense of patriotism—

Mr. LaFLECHE: Getting them markets.

Mr. SHAW: —in order to have them continue to carry on this magnificent production. I am not forgetting, with regard to the interjection, the unsatisfied markets here, during the depression years, when the farmer begged to sell his produce and the people begged for it, but we seemed unable to solve the problem. But I say we must give our Canadian farmers immediate assistance through adequate debt adjustment legislation. If this government will not do it, who is expected to? We know the provinces have tried, and we know the situation which they are confronted with. I am not endeavouring to argue as to whether the province has the right or not; I am simply asserting that if the province has not the right, the federal government has not only the right but the duty to do it.

With respect to our western debt conference, it is significant that, as has already been indicated by previous speakers, three of our

prairie governments, supported by quite a number of organizations, submitted a comprehensive debt adjustment proposal, and I regret that the government has not seen fit to give greater consideration to it than we have done. I am not one who is going to condemn the present bill. Surely, if you cannot have all you want, it is better to take something rather than discard it all. But I am hopeful that while this bill is in the committee stage, the government will be prepared to accept certain amendments.

We hear the argument frequently advanced that farmers are now paying their debts. The hon. member for Vegreville indicated to-day that when the farmers—I speak of the great majority of them—can pay their debts they will do so. I recall one branch of the Canadian Legion indicating to me, "We are not asking for charity; all we are asking for is an opportunity to pay our debts." It is right that the farmers are under present conditions paying their debts. But is it not unfortunate that we should go along through these desperate years and then have to have a war to partly solve our problems for us? This war, we hope, is not going to last long. If it comes to an end this year, let us say, I wonder what situation may develop? When someone speaks of the farmer paying his debts during war time it brings to my mind a little report which I saw in the Ottawa *Journal*. It reproduces a report which appeared in the Carbon *Chronicle*. Carbon is a little town in Alberta. The item, reprinted from the Edmonton *Journal*, states:

> J. A. Hannaford, of Howie, Alberta, sold a carload of steers last week for which he received $3,000. Six years ago he sold a similar carload which netted him $300.

The Edmonton *Journal* comments:

> No wonder a lot of Alberta farmers are reported paying off farm debts now, and little wonder they were unable to do much along that line some six years ago.

I read that for two reasons: it indicates that our prices have definitely improved and that farmers are paying their debts; it further gives a very fine reason why many of them plunged hopelessly into debt during those so-called depression years.

I do not wish to take a great deal more time, but I say that our debt adjustment legislation must be evolved, not in the light of these abnormal conditions which we are passing through now, but in the light of previous experience and also of the situation which we may reasonably expect to develop from time to time after the war. I am quite in agreement with those who have urged that there is only one sensible manner of preventing colossal debt within the framework of the agricultural industry, and that is for us to endeavour to lay down a national agricultural policy. Only through a national agricultural policy can we establish that industry on a sound and prosperous basis, and only by laying down a sound policy can we hope to see agriculture occupy the position which we shall expect it to occupy during the post-war reconstruction period.

I do not think it at all unreasonable that our farmers ask for parity of price. Surely there cannot be any argument against a farmer's demand that the price he receives for his produce should bear some fair relationship to the commodities which he is obliged to buy and the taxes which he is compelled to pay. I say, furthermore, that unless we can establish some scheme whereby our farmers can secure credits in order to carry on their operations at lower rates of interest than many of them have been obliged to pay, we shall have a repetition of the conditions which developed.

In addition to proper debt adjustment legislation, which must come, we must have adequate marketing facilities. I am not thinking so much of the present moment as of the period to come when I make that assertion. The hon. member for Swift Current indicated this evening that you cannot quote one case and try to arrive at some principle based upon that case. I have the particulars of one case which I believe is significant. I say it is significant because this farmer, who is a good farmer, agreed to pay, not so much cash every year, but one-half of his total crop. He lived up to his obligations 100 per cent, and what, Mr. Chairman, do you think his situation was? On October 12, 1926, this man bought a farm made up of 324 acres at a total cost of $13,766, which was approximately $42.50 per acre. He made a cash payment of $2,000, and the remainder was to be paid, as I have already indicated, over the years by giving one-half of his crop and paying interest at the rate of six per cent. This man did not miss one payment. By 1935 he owed over $13,000. Do not forget that he had paid $2,000 to start with and was giving half of his crop; yet in 1935 he had approximately the same debt he had started out with. Prices in 1926 when he started were: wheat, $1.51; oats, 49·6; barley, 63·9. These were the average. But before 1935 had arrived wheat was 54·3; oats 26·4, and barley, 32·2. That was at Fort William, less approximately seventeen cents a bushel, and he did not grow No. 1 grain. He was forced to sell feed wheat at 10½ cents and feed oats at 7 cents. In 1935 he went to the board of review under the Farmers' Creditors Arrangement Act. They were "very kind"

and reduced his debt to $12,000. Do not overlook the fact that he had paid $2,000 cash and half his crop every year from 1926 to 1935, and yet they reduced his debt to $12,000.

An hon. MEMBER: What was the original debt?

Mr. SHAW: The original debt was $13,766. He cleared forty acres of land and ploughed an additional forty acres, and he also gave them one-half the crop from these acreages. I should also say in fairness, to complete my story, that the board of review reduced the rate of interest from six per cent to five per cent and said, "You shall pay only one-third of your crop instead of one-half." But in spite of all this, after sixteen years of toil, not only on his part but on the part of his wife and of his sons, this was his situation. He had not missed a payment; he lived up to the letter of his contract; but now he owes them slightly over $12,000 plus some taxes. He estimates that the farm is probably worth $6,500, but he has paid far more than that. He has paid over $9,000, and he is still right where he started. If you worked out the interest which he was obliged to pay in 1933, it would be approximately $720. That meant that he had to give 7,200 bushels of wheat at 10½ cents, which was the price he received for his wheat at that time, or 10,285 bushels of oats at 7 cents. That meant that to pay interest on his debt in 1933 he had to guarantee twenty-four bushels of wheat from each acre. I give that case because it is not the case of a man falling down in payment at any time. It is not the case of a man who had contracted to pay so many dollars each year and had not done so. It is not the case of a man who said, "Conditions are so desperate that I am not going to try to pay anything." He lived up to his contract to the letter of the law. He is getting on in years. His sons and his wife have worked hard, and still financially he is right where he started. He is threatened with the loss of his home.

My argument has always been this. You can talk about the sanctity of contracts all you like; but if I go and buy a farm which is for sale at $6,000, and I have only $3,000 and have to borrow that additional $3,000 from anyone, from a bank or a mortgage company or anyone you like, the one from whom I am trying to secure the money will evaluate me in the light of his previous business experience with me. Surely he will look over the parcel of land and, if he considers it a good business proposal, he lends me the $3,000 at six or eight per cent. I am reasonably sure also that it is a good proposition. In effect, we are partners as far as that parcel of land is concerned. When wheat fell from $1.54 to 34 cents my income was reduced by the proportion indicated, but he, in most instances, demanded his full interest payment plus full payments as far as the principal was concerned.

There may be some who have a different point of view in that regard. Some may argue that two men in such a case are not partners in effect, but I feel that they are.

Mr. ILSLEY: Not partners in gains but in losses.

Mr. SHAW: I would say it was a partnership where one always lost and the other always gained.

Mr. ILSLEY: Face it; do not run away from it. The hon. gentleman does not mean that if the value went up, the lender would profit as a partner.

Mr. SHAW: The minister may have an argument there; I realize that. But, after all, there are few cases, in the light of the past ten years' experience, where the returns to the farmers went up and up; they have always been down and down with the exception of probably an abnormal period such as a time of war. His partner demanded full payment.

I did have one or two other things to say, but I do not care to impose myself on the committee farther. I am not one who is going to assert that I am definitely opposed to bill No. 132. It is probably in some respects better than the previous act, but in my estimation it falls considerably short of what the governments of the prairie provinces, supported by many organizations, requested as being a proper basis for farm debt settlement.

Mr. MATTHEWS: I do not take up much time in speaking in the house, but I have listened with a great deal of interest to the discussion of bill No. 132, and while I agree with much that has been said, I disagree with some. I disagree with any implications that have been thrown out to the effect that western Canada is down and out. Western Canada is not down and out, and I think I can give a few facts that perhaps will be illuminating to some hon. members.

Hon. members from Saskatchewan have every right to speak of conditions in their province and so have those from Alberta to speak of theirs; but I claim the privilege of saying a few words with regard to debt conditions and reductions as regards Manitoba, that good old province of which I have been a resident for over thirty-two years, and which I think I know at least as well as any other member of the house.

I wish to speak first of reductions in debt that have been made by the Manitoba government, and I shall go to the best source available, to the remarks made in his budget speech

last April by the premier of Manitoba, who has also been treasurer of that province for a good many years. These are some of the facts he disclosed, speaking of the public debt. He said that on April 30, 1941, the gross public debt of the province was $126,000,000, and that during the year ended April 30, 1942, the province had paid off $2,500,000 of that debt. Then he said that on April 30, 1942, the gross public debt of the province had been reduced to $124,000,000. He went on to say that the further reduction from May 1, 1942, to December 31, 1942, amounting to $1,267,000, reduced the gross debt to $123,000,000. He added that in the thirty-two months ending December 31, 1942, the gross debt of the province had been reduced by $7,000,000. Those are the words uttered by the former provincial treasurer of Manitoba, now the premier, in his budget speech.

I should like to add a word as to the municipalities. I have not the figures for last year, which were undoubtedly more favourable than those for 1941 which I shall quote. There are 170 municipalities exclusive of cities, with an annual levy of about $8,000,000, on an assessment of $238 million, being a rate of 34 mills. During 1941 no less than 151 of these municipalities operated on a cash basis; that is, they raised the money and they paid cash. There were only nineteen out of the 170 which had deficits at the close of the year. What about their debt reduction? Records show that between 1935 and 1941 they reduced their debt by $7,000,000. Municipal reduction was $7,000,000; provincial government reduction, $7,000,000. I think that is an extremely good showing for any province, a showing of which the people of that province might well be proud. At the end of 1941 there were 108 municipalities out of the 170 which had cash surpluses of over $1,000,000; and, in addition to that, they had special reserves in cash or investments, other than sinking funds, of $661,000. The mortgage foreclosures for Manitoba were as follows:

1928	395
1933	397
1941	128
1942	106

I think those figures constitute a record of which Manitoba might well be proud. But what about discharges of mortgages? Here, again, I think the figures will be illuminating. Premier Garson is authority for the statement that in 1942 there were 5,432 farm mortgages discharged, paid off, wiped out. In other words, in 1942 there were 106 foreclosures as compared with 5,432 discharges, a ratio of fifty to one. Why was this possible? As the people drew away from the awful years of the drouth and heart-break, they set themselves resolutely to the task of applying their increased income to reducing their indebtedness. What about farm income? They were in a better position to reduce their indebtedness, and they did it. Here are the round figures for farm income:

1938	$ 62,000,000
1939	63,000,000
1940	64,000,000
1941	80,000,000
1942	100,000,000

We must not forget that the outlay of these farmers was considerably increased because they had been compelled to let their equipment run down during the drouth years; their buildings had got into disrepair, and many expenditures were needed. If these had not been necessary, they would have been able to reduce their mortgage indebtedness still farther.

Something might be said with regard to improved methods of farming. Manitoba, more than any other western province, has adopted diversified farming and, strange as it may seem, the farm income last year from wheat was only one-quarter of the total income. Then, again, I would not have hon. members forget that some of this mortgage indebtedness reduction is owing to the fact that the dominion government paid to the farmers of the west in the form of bonuses and payments of one kind and another some quite substantial amounts. From August 1, 1941, to July 31, 1942, $14,000,000 was paid in prairie farm assistance; $34,800,000 in wheat acreage reduction, and $18,000,000 in prairie farm income. There was a total in one year of $67,700,000, without including expenditures on prairie farm rehabilitation.

I wish to make my position clear in a very few words. I bow to no man in my support of the farmer or anyone else who finds himself down because of reasons over which he had no control. I am not one to stand idly by and see a man or his family almost down and out and treated with unfairness, sometimes with downright cruelty. We do not want that, and our citizens are not going to stand for that sort of thing. On the other hand, I am not one who will stand up and see the creditor defrauded by the double-crossing of some dishonest or oftentimes defiant debtor. We want to see fair play and justice in this country, and I am satisfied that the members of this committee will agree one and all with what I say.

I agree with the suggestion made by the hon. member for Qu'Appelle that consideration should be given to the creditor who, by reason

of age or infirmity, has taken up residence in town and is operating his farm perhaps by crop lease or hired help. That man should receive some consideration for himself and his life partner. Many of them have had some crushing experiences under the old act, and we do not want to see those repeated under this act. We should protect these unfortunates who, owing to crop failures or other causes over which they have no control, are likely to suffer. We do not want to sweep away the whole fabric of confidence in this country. Manitoba, and the west in general, have developed by credit, and that credit has been based upon confidence. Any hon. member or any individual who would sweep away that confidence is doing his best to bring a tragedy upon this Canada of ours. I believe the average man is fundamentally honest. I believe the average man is a square-shooter. I believe the average man wants to hold the confidence of his associates and will agree with the sentiments I have expressed. But in speaking of confidence let us not forget that western Canada has been built up on a feeling of confidence, and in past years perhaps there was too much credit, though I may be mistaken. In a certain committee of which I have the privilege of being a member we have heard many references to post-war problems, to the new order for which we all long, to the treatment our boys should receive when they return from overseas, and so on. I want to say, Mr. Chairman, that all these things will require money, and a lot of it. If we are to raise that money, we must retain the confidence of the people, young and old, rich and poor. I do not think I could find better support for this view than in quoting again from the conclusion of that budget speech delivered by the premier of Manitoba, who said:

> We have not reached the limit of our development in this province. A great deal still remains to be done. If there were no other reason, much still remains to be done in order that we may reach full employment in the post-war period. If we are to have rural electrification or housing or a direct connection through Manitoba with the Alaska highway to attract tourists or if we are to have a multitude of other things for which public expenditures will be required, there are only two methods by which the province can make the money available; in some cases by taxation and in other cases by borrowing in order to spread the cost over a period of years. No matter how heavily the people may ask to be taxed for these worthwhile purposes, some of the moneys required will still have to be raised by borrowing. Whether we can get this money will depend upon our credit. This is true no matter what the means of raising it may be. Whether we can get it from the investor in the open market will depend upon his faith in whether or not we can be trusted to repay him. If some less orthodox method of making the money available is provided by the Dominion of Canada creating credit at no interest cost, as recommended by some citizens in our country, then we still would have to be considered reliable before even on such a basis the dominion government or any other body such as the Bank of Canada, would lend us money at no interest or low interest.
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> Finally and most important of all, the Manitoba government must have credit with Manitoba citizens. Our own people of Manitoba must consider that their provincial government will carry out its promises and undertakings. If we are going to have any worthwhile post-war projects we cannot hope to succeed if we do not have the active cooperation of Manitoba citizens. Rural electrification, for example, will not be a success if the farmers of this province, relying upon the government's ability to carry out its plans, do not make preparations to receive and use the power which is delivered to them. We may wish to ask them to buy some of our bonds for this purpose. I suggest that if we had broken our promises and ruined our credit, we could not expect the Manitoba people to buy our new bonds in the face of our having defaulted on our old ones. Moreover, we could not then expect them to take our post-war plans at face value, because they would have a right to doubt and would doubt whether we could find anybody who would trust us with the means of financing such plans. Doubting, they would not make their own plans to cooperate with their provincial government in a project in the completion of which they had no genuine faith.

[Mr. Matthews.]

Mr. CASTLEDEN: Which premier was that?

Mr. MATTHEWS: Premier Garson; and with those principles I heartily agree. I have every sympathy for what he says, and I believe that the confidence of our people all across Canada must be maintained if we are to make this country flourish in the post-war days, as we hope it may. I wish to extend my congratulations to the Minister of Finance upon the calibre of the bill he has sponsored, which I think will receive wide endorsation from one end of Canada to the other.

Mr. EDWARDS: Mr. Chairman, it is now ten minutes to eleven, and in order to facilitate the business of the house in accordance with the understanding announced by the house leader last evening, which I understand calls for the house to go into committee of supply, since apparently we are not going to get through this section, I am very happy to waive my opportunity to speak at this time.

Progress reported.

SUPPLY

Hon. T. A. CRERAR (Minister of Mines and Resources) moved that the house go into committee of supply.

Mr. COLDWELL: How many departments are going in to-night?

Mr. CRERAR: We are going to ask the house to let us get in five departments. There are nine or ten yet to go in, and we want to get in on Monday or Tuesday night. I gave notice of this on Saturday evening.

Mr. COLDWELL: Yes, but I was just rising to suggest that I do not think all the departments should go in to-night. We do not know what will happen in the next couple of weeks, if we are here; and there have been few opportunities to discuss any problems on going into supply, so that I think at least some of the departments should remain.

Mr. CRERAR: If these five are put in to-night, there will be five or six left, which will give plenty of opportunity for discussion.

Mr. COLDWELL: Perhaps we shall not need the opportunity, but we should like it kept open.

Mr. GRAYDON: That is in accordance with the undertaking the government gave previously, as I understand it. There are nine or ten departments left, and I think we are going into five to-night.

Mr. CRERAR: Yes.

Mr. BLACKMORE: I wonder if the minister would take us into his confidence sufficiently to indicate the departments not yet in, and which departments it is intended to put in to-night.

Mr. MACKENZIE (Vancouver Centre): The departments not yet in are: the auditor general's office; the chief electoral officer; the civil service commission; the Department of Finance; the insurance department; the Department of Justice; the Department of Labour; the Department of Mines and Resources; the Department of National Revenue, other than war; the Department of National Revenue; the Department of National War Services, other than war; public archives; public printing and stationery; Royal Canadian Mounted Police; Secretary of State; soldier settlement board of Canada, and Department of Transport.

Mr. BLACKMORE: How many does the minister propose to bring in to-night?

Mr. MACKENZIE (Vancouver Centre): Five.

Mr. BLACKMORE: Which ones?

Mr. MACKENZIE (Vancouver Centre): National Defence, Finance, Justice, Labour, and Mines and Resources.

Mr. MacINNIS: Some of those are branches. They come in under separate departments. For instance, the civil service commission is under the Secretary of State, and soldiers' settlement is under another department.

Mr. MACKENZIE (Vancouver Centre): There are four or five main departments left.

Mr. BLACKMORE: Which ones will be left, after the ones brought in to-night?

Mr. MACKENZIE (Vancouver Centre): National Revenue, National War Services, Secretary of State and Transport, with subsidiary branches.

Motion agreed to, and the house went into committee of supply, Mr. Golding in the chair.

DEPARTMENT OF NATIONAL DEFENCE

174. Normal services; grants to military associations and institutes, as detailed in the estimates, $11,625.

Item stands.

DEPARTMENT OF FINANCE

46. Departmental administration, $466,942.

Item stands.

DEPARTMENT OF JUSTICE

87. Departmental administration, $162,853.

Item stands.

DEPARTMENT OF LABOUR

99. Departmental administration, $216,613.

Item stands.

DEPARTMENT OF MINES AND RESOURCES

120. Departmental administration, $152,565.

Item stands.

Progress reported.

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

Tuesday, July 20, 1943

The house met at eleven o'clock.

REPORTS OF COMMITTEES

Third and fourth reports of standing committee on agriculture and colonization.—Mr. Weir.

Eighth report of standing committee on miscellaneous private bills.—Mr. Donnelly.

WAR EXPENDITURES—CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. HUGHES CLEAVER (Halton) moved:

That the first report of the special committee on war expenditures, presented to the house on Monday, July 19, be concurred in.

Mr. GORDON GRAYDON (Leader of the Opposition): I realize that this motion requires the unanimous consent of the house, by reason of the fact that the necessary time has not elapsed. However, I wish to facilitate the passing of the motion and therefore I do not raise any objection on that score. I would call the attention of the hon. member who has moved the motion to its phraseology as recorded in *Votes and Proceedings* No. 114, which we have received this morning. There is in paragraph 3 a typographical error which should not pass the house: "to acquaint subcommittees." I presume this is meant to be "to appoint subcommittees."

Paragraph 4 of the report reads:

To employ such secretarial, reportorial, clerical and other assistance as it may deem necessary.

I take it this is similar to the wording of previous reports of the committee in former sessions. I suggest that the committee ought to consider, in a subsequent report before the house rises, whether the question of assistance, which was mentioned while the debate on the constitution of the war expenditures committee was in progress—I refer to legal assistance, assistance in the way of accountancy, and other expert assistance—should not come within the purview of what is described as "other assistance" in this particular paragraph. It was pointed out by members of the committee that one of the difficulties experienced by those who were attempting to investigate various accounts was that they were handicapped through lack of that type of expert assistance, which they felt was essential if they were to make a proper inquiry into the matters which came before them.

Paragraph 5 of the report reads:

In cases where considerations of national security preclude the publishing of certain

recommendations and of the arguments upon which they are based. . . .

I take it that this is "evidence" rather than argument, but I leave it to those who drafted the motion to see whether or not they require that change to be made in order to carry out their wishes in that regard.

I take it also that paragraph 5 follows the report which has been made by a similar committee in the United Kingdom. I am hoping that the matter of national security will not be taken by the committee or by the house as meaning that we are to have, during the sittings of this committee, a maintenance of that secrecy to which such objection was taken during the debate. With these observations I am quite content that the motion pass.

Motion agreed to.

DOMINION ELECTIONS

BY-ELECTION IN CARTIER—ALLEGED IRREGULARITIES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I ask leave to move the adjournment of the house under standing order 31 for the purpose of discussing a definite matter of urgent public importance, namely, grave irregularities in connection with the compiling of voters lists in the Cartier division of Montreal where a by-election is to be held on August 9, 1943, nomination day being August 2, 1943, and where hundreds of names of non-existent persons have been placed on the lists, some of which irregularities have been admitted publicly by one Lazarus Bavitch, returning officer for the electoral district of Cartier. If I am given leave, Mr. Speaker, to introduce this motion, I have the necessary proofs on my desk.

And leave having been granted:

Mr. COLDWELL: I would not have introduced this matter at this time in the closing days of the session did I not believe it is a matter of urgent public importance, and I do so to facilitate the conduct of the business of the house because otherwise it would have been necessary to move a motion on going into supply, and that might have delayed the business of the house indefinitely.

The preliminary voters lists were made available to the public only last Thursday. Hence the checking of the lists has been done on a relatively small number of polls, fifteen in all. The addresses of persons who, I shall contend in a moment are either non-existent, improperly on the list or their address not that given on the list, were picked at

random and only a small part of each of the fifteen polls was therefore checked. There are 112 polls altogether in the division, and the findings which I shall present to the house in a few moments are illustrative rather than exhaustive. There is no reason to doubt and every reason to believe that the information which I have is merely representative and that the same story could be unfolded as to every one of the polls; all therefore should be investigated.

Altogether some 2,000 names have been checked since last Thursday, checked carefully by persons who are reliable and are in some instances supporting their checkings by affidavits which I have on the desk beside me. Out of some 2,000 names, 650—I repeat, 650—were found to be false or improperly on the list, a proportion of approximately one third.

I said I had some of the affidavits. Not all the checkers were available in the short time at the disposal of those who gave me this information to supply me with affidavits covering all these names, but I am reliably informed and therefore believe that the information I have just given is correct.

The following are among the more striking and in some respects perhaps the more ludicrous findings about which it is worth while to inform the house. For example, a baby seven weeks old listed as a bookkeeper; a little girl five years of age listed as a retired spinster, whatever that may be; a number of non-existent addresses which would make the voter reside over a railway or street intersection; seven voters listed at a United Cigar store; seven voters listed for the store which is now the Liberal candidate's committee room; eleven voters listed in a barber shop; six voters listed at a restaurant. The waiter at the restaurant laughingly told the person who made the inquiry that the enumerator took the names of the persons sitting at the counter.

There are also names of persons who are dead, persons who have moved away for more than a year, fictitious names, fictitious addresses, and the names of persons who are not citizens of Canada. The most common occurrence was the enumeration of an entire family without any regard to age. Indeed it seems as though the enumerators in the Cartier division enumerated everybody from the cradle to the grave, perhaps in anticipation of the government's social security programme. If a complete check were made of the 42,000 names on the lists we believe that at least 10,000 would prove to be false or improperly on the lists. From the information we have already it is obvious that hundreds, perhaps several thousands. of names are improperly left off the lists.

In short, Mr. Speaker, I want to draw to the attention of the house my opinion that the lists are entirely useless at best, and at worst—and in Montreal, as I think hon. gentlemen will agree from the evidence that has been presented to this house from time to time—it is always the worst because Montreal has been a telegraphers' paradise—

Mr. WHITMAN: On a point of order, Mr. Speaker, I ask that the hon. member withdraw that insinuation. I insist on it being withdrawn.

Mr. COLDWELL: I am quite willing to withdraw the statement I have made if it is proved to be incorrect. But may I refer the house to a statement—

Mr. WHITMAN: Mr. Speaker, I ask that the hon. member withdraw his statement unconditionally.

Mr. SPEAKER: There is no point of order. He is making no attack upon the hon. member. He is making a general statement.

Mr. COLDWELL: I refer hon. members to *Hansard* of June 29, 1934, page 4469, where an hon. gentleman whom I regard as being one of the ablest men who ever sat in this house made this statement:

> I have had some experience in running elections in the city of Montreal, and as a matter of fact I do not employ voters in my own constituency; I employ voters who reside and vote in other constituencies, which is perfectly legitimate. As a matter of fact, if I am to conduct an election in the constituency of St. Lawrence-St. George, first I must have an inquiry to ascertain that the alleged voter resides where he says he resides. Then I must have some description of him so that he can be identified, and usually in order to identify him by questioning I wish to know his telephone number; if he has an office I wish to know where his office is situated and his office telephone number. I cannot run an election otherwise. In one of my elections a thousand voters were impersonated before they got to the polls. You must have means for a complete identification, and your representatives at the polls must be thoroughly informed so that they may prevent impersonation. At election time I employ people who do not vote in my constituency to do that clerical and protective work.
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> You must remember that if you are running an election in the city of Montreal you can go to an association in New York who will supply you with fifty or one hundred or two hundred or three hundred impersonators. These men will come to the city the day before the election, supplied with cards stating whom they are to impersonate; they will go from poll to poll impersonating voter after voter. In one election the only way we succeeded in preventing it was with the aid of a number of young men belong-

ing to athletic clubs, some of them associated with McGill university, who were active supporters of mine. They saw an automobile carrying five or six men; it would stop at one poll and one man would get out and vote; it would go to the next poll and another man would get out and vote; and we then discovered that they were imported personators. We took the law into our own hands and disabled each one of those automobiles, and defied the police to take charge of us for breaking the law in that way. So we were able to smash the combination. But there must be some way whereby money may be legitimately spent in investigating and informing ourselves with regard to prospective voters, in order to secure such information as will enable us to identify each and preserve his right to vote. I can only avoid the present law by going to some other constituency and engaging men there to do that preventive work for me. . . .

In one case I think we secured thirty or forty detectives from another province and some twenty or thirty others elsewhere. Strange to say, before the election I learned that even they were being bribed. We brought some sixty of them into the main committee room, told them we knew they were being bribed and were working for the opposite party and asked those who admitted it to take two paces to the front. Two-thirds of those men took two paces to the front, admitting that they were working for the other party and not for us. Such a situation is difficult but some way must be found to remedy it. I have evidence that at least fifty or sixty blank warrants were issued for use in my constituency. They were signed by a judge to be filled out when necessary. One committee in the St. Lawrence ward of my constituency of St. Lawrence-St. George, composed of respectable men, were arrested and put in gaol before the poll opened, through the use of blank warrants ostensibly signed by a judge in the city of Montreal. I have had police officers come to my main committee room where most representative women of the city were engaged on the telephones to persuade the voters to come to the polls. Those police officers had blank warrants which had been filled out on the street, with which they attempted to come in and arrest the most representative people in the city. We have stood at the door and said we would use strong measures if they attempted to carry these warrants into effect, because we knew they were false and fraudulent. That sort of thing is carried on, and it is not surprising to find that in the constituency of St. Lawrence-St. George the election expenses have run up as high as $120,000 or $125,000 in a single election. I know of one case where the candidate contesting the election spent $75,000, and there was a contribution of $25,000 to the election fund which had never been reported to him.

Mr. WHITMAN: The hon. member has referred to the constituency of St. Lawrence-St. George, but his statement was that the city of Montreal is a hot spot for telegraphing. I wish that statement withdrawn unequivocally, for in my division of Mount Royal I know for a fact there was no telegraphing.

Mr. SPEAKER: In Beauchesne, second edition, citation 294 reads:

[Mr. Coldwell.]

If a member should say nothing disrespectful to the house or the Chair, or personally approbrious to other members, or in violation of other rules of the house he may state whatever he thinks fit in debate, however offensive it may be to the feelings, or injurious to the character, of individuals; and he is protected by his privilege from any action for libel, as well as from any other question or molestation.

The hon. member has not made any particular reference that I could say was disrespectful to the house or to the Chair, or personally opprobrious to other hon. members; therefore there is no question of privilege.

Mr. COLDWELL: I am quite willing to say this, that I know there are a good many honest people in Montreal in all parties who deplore this very kind of thing.

Mr. DUPUIS: May I ask the hon. member a question?

Mr. COLDWELL: No, Mr. Speaker; I should like to proceed with my remarks.

Mr. DUPUIS: I should like to ask the hon. member—

Some hon. MEMBERS: Sit down.

Mr. DUPUIS: —if he is referring only to Montreal. In all fairness the hon. member should say that there is telegraphing in large centres all over Canada.

Mr. SPEAKER: The hon. member may not be interrupted without his consent.

Mr. COLDWELL: I am quite willing to answer that question.

Mr. DUPUIS: You seem to be afraid.

Mr. COLDWELL: I am not a bit afraid. I know of no telegraphing in the part of Canada where I reside.

Mr. DUPUIS: Why single out Montreal?

Mr. COLDWELL: Because that is the only place where I have any evidence before me to support such a charge. On Tuesday, July 6, there appeared in the Montreal *Star* a letter which was signed "Fair Play" complaining about the padding of the voters' lists. I have the clipping here, and I should like to put it on record:

Sir,—I was greatly surprised the other night on reading the electoral list in my district to find, instead of two people in my house there are eleven listed. My neighbours next door have four people, and I saw fifteen names. Also there is a number added which does not even exist. Now, I ask you, does this mean all those people will vote under my address when there are really only two of us? We are not alone

in this. Another person in this block is alone and yet five are shown by the list on the pole. I think we ought to have some protection and also I think the people who canvass for names ought not to be allowed to do so unless they can spell properly as directed.

Then the reply by the returning officer for the electoral district of Cartier, Lazarus Bavitch, appeared in the Montreal *Star* of July 13, as follows:

Sir,—In connection with the recent complaint in your column by a voter in a certain poll in the electoral district of Cartier, with respect to the alleged padding of the list of voters in this poll, I desire, in my capacity as returning officer for the above electoral district, to draw to your attention the fact that I have personally investigated the poll in question in order to determine the accuracy of the complaint.

Upon investigation it was discovered that the pair of enumerators who had made up the list of this poll had unduly added to the list of names. The result of this investigation was forwarded by me to the chief electoral officer at Ottawa, who instructed me to appoint two new enumerators, in order to get an accurate list of names made of this poll. This enumeration is in the process of being completed. The fees of the original enumerators, which amounted to approximately $35 for each, have, accordingly, been forfeited.

These cases were brought to his attention, and he admits that the padding occurred; and apparently the only punishment that has been meted out to the persons who did this improperly, and against the law, is that they are to forfeit the $35 to which they were otherwise entitled. There are certain polls not referred to by the returning officer which are among the worst. A few moments ago I mentioned the situation that has arisen in certain of the divisions of Montreal. I quoted the words of Hon. C. H. Cahan and the admissions that were made before the parliamentary committee which sat during 1930 to 1935. Anyone who knows anything about the proceedings of that committee will recall that several outstanding cases of impersonation were mentioned. One other that is authenticated and often mentioned in Montreal is that on one occasion the Anglican bishop of Montreal, Bishop Farthing, appeared at his poll early on election day to vote, and was blithely informed that they were out of ballots, that all the ballots had been used up already, and, as it transpired, improperly; and that Bishop Farthing himself already had been voted for, that someone had voted in his name.

Mr. MACKENZIE (Vancouver Centre): When was that?

Mr. COLDWELL: In 1935. The present lists are an invitation to dishonesty on election day, an invitation of which some election machines are not in the habit of refusing to take advantage.

Mr. DUPUIS: Would the hon. member say who signed the affidavits?

Mr. COLDWELL: I have the affidavits here, and I shall come to one or two of them in a moment. Perhaps I might place them on record now. One of them, for example, states this:

I, the undersigned, Estelle Gahan of the city of Westmount in the district of Montreal, clerk, being duly sworn, do hereby depose and say:

1. I reside at 4378 Western avenue.

2. For some days I have been engaged in checking the preliminary lists prepared for the by-election pending in the riding of Montreal-Cartier.

3. I am credibly informed, have reason to believe, and am furnished with evidence leading to the conclusion, that there has been systematic padding of the said lists.

4. Details of cases of padding investigated by me are set forth in a sheet attached to this affidavit, to form part of it, and initialled by myself and the ministerial officer taking this affidavit from me.

And I have signed,

Estelle Gahan.

Sworn before me at Montreal on the 18th day of July, 1943, whereupon the affiant and myself have initialled the annexed sheet ne varietur.

R. L. Calder,
A commissioner of the Superior Court in and for the District of Montreal.

This is what the young lady says:

I have checked the major part of poll No. 94 and found the following to be true:

Out of 51 addresses visited I found:

196 names of people who did not live at the addresses indicated;

8 names listed at an address that does not exist;

17 names of people under age, including a baby of seven weeks, who is listed as a bookkeeper.

And it is duly initialled. Then, here is another affidavit:

I, the undersigned, Samuel Wachtvogel, of the city of Montreal in the District of Montreal, being duly sworn, do hereby depose and say:

1. I reside at 5688 Esplanade avenue.

2. For some days I have been checking the electoral list for poll 94 of the Montreal-Cartier Division, and I have found the following:

Seven voters were listed at 4500 Park avenue. Upon investigation 4500 turned out to be a United Cigar Store, with no residents.

Seven voters were listed at 4502 Park avenue. This is a store which was vacant at the time of the enumeration, and is now the Liberal Committee Room of Mr. Lazarus Phillips.

Eleven voters were listed at 4506 Park avenue, which is a barber shop, with no residents.

Six voters were listed at No. 4512 Park avenue which is, and has been a restaurant, with no residents.

At 4516 Park avenue there were nine persons listed who do not live at that address.

At 4520 two persons were listed who do not live at that address.

At 4522 six persons were listed none of whom live at that address.

So that in seven houses or stores there were forty-eight bogus voters listed.

And I have signed,

S. Wachtvogel.

Sworn to before me at Montreal, the 19th day of July, 1942.

R. L. Calder,
A commissioner of the Superior Court
in and for the District of Montreal.

I will table these affidavits, with others which I have, but which I feel it unnecessary to read.

An hon. MEMBER: Read them all.

Mr. COLDWELL: I have made the statement, and I wish to repeat it, that allowing an election to be stolen and to be filched improperly is just as bad as setting aside elections altogether, that there is no difference between the robbing the people of the right to choose their own representatives freely, and the methods pursued by Adolf Hitler in Germany. The responsibility is on this House of Commons, and particularly on the government which is responsible for the conduct of affairs in this country, to take the appropriate action in these cases.

It may be said that revising officers are correcting the lists. As we know from experience, at this date that is a practical impossibility, when a situation as wholesale as this is revealed. Revising officers would quite properly require evidence before striking names off the list. It is patently impossible for all the electors themselves to check the lists and to appear before the revising officers for the necessary affidavit, and other evidence. Only a complete reenumeration of the constituency in question will meet the situation.

I would make the point quite strongly that unless the government does act it will have to take the responsibility for the irregularities in this forthcoming election. And now, knowing the facts, or at least some of the facts, it would be accessory to the crime both before and after the fact. It seems to me it is the duty of the Prime Minister (Mr. Mackenzie King)—and I know the Prime Minister does not countenance this sort of thing for a moment—to see to it that we cleanse this blot upon the record of democracy in Canada.

What can the government do? I am going to make some suggestions. I suggest that since the present returning officer—and this surely is quite improper—is a nephew of the Liberal candidate, and since he has already shown his complete incompetence in connection with this work, another returning officer or an assistant returning officer should be appointed, the latter to be selected by one of the other candidates. I suggest that the candidate first nominated or associated with a recognized party in this House of Commons might choose the assistant to the returning officer and, if you will, there should be a complete and immediate reenumeration of the constituency. This need not cause any delay. The new enumeration could be brought before the revising officer and, after taking the necessary legal steps as to evidence and so on, the revising officer could use the evidence so gathered to establish the official list for the election of August 9. The enumeration should be carried on in accordance with the law, by two enumerators at each poll, each representing an opposing party. If we look up the Dominion Elections Act, we find that section 17 of the Dominion Elections Act provides for this. This means that one enumerator per poll would represent the Liberal party, and one would represent the Cooperative Commonwealth Federation, or the other national party in this by-election.

Mr. DUPUIS: Would the hon. member allow me to ask if there was not a representative of the Cooperative Commonwealth Federation?

Mr. COLDWELL: No.

Mr. DUPUIS: As enumerator?

Mr. COLDWELL: No.

Mr. DUPUIS: What was he doing, then?

Mr. COLDWELL: We had no candidate there at the time of the last election.

Mr. DUPUIS: Was there no enumerator of the other party?

Mr. COLDWELL: No.

Mr. DUPUIS: Were there two enumerators?

Mr. COLDWELL: Not to my knowledge.

Mr. WHITMAN: There was a communist who ran in the last election in Cartier.

Mr. COLDWELL: I cannot say. I think there was an acclamation in a recent election in the Cartier division.

An hon. MEMBER: No.

Mr. COLDWELL: Yes, when Mr. Bercovitch was elected.

Mr. BERTRAND (Laurier): Mr. Bercovitch was elected by acclamation at a by-election. A gentleman called Ainey ran against him in 1940.

Mr. COLDWELL: I am simply submitting this to the house, and I hope—

Mr. ROSS (Moose Jaw): The hon. member made a statement a moment ago—

Mr. COLDWELL: I have given enough evidence this morning to show the corruption and the impropriety of the whole thing. I think it is indefensible, and it should shock any hon. member in this house.

Mr. ROSS (Moose Jaw): The hon. member said there were two enumerators.

Mr. COLDWELL: I said I was not sure.

Mr. ROSS (Moose Jaw): The hon. member gave a statement in which he said they were dismissed.

Mr. COLDWELL: No; enumerators were dismissed, but whether there were two in one poll, I cannot say. They probably were; it could be read that way.

Mr. DUPUIS: He was lax in his duty, then.

Mr. COLDWELL: After what Mr. Cahan said in his evidence, as to the way in which his own detectives were bribed and corrupted, I think we should look very carefully into the choosing of an enumerator.

Mr. DUPUIS: The electoral law was changed since then.

Mr. COLDWELL: May I proceed, Mr. Speaker? The third point is that the government or the proper minister or officer should issue instructions requiring each voter to show his registration card at the poll. That might assist very materially.

I hope that the government will take steps which while they would be no guarantee of honesty would at least show that an attempt was being made to secure an honest election in the constituency of Cartier. Otherwise from what I have said this morning I think that the electors of that constituency will be overwhelmed by a corrupt and crooked election machine. I am not placing the responsibility upon any political party for that machine, but I am saying that it is the duty of this house at this time to see that the forthcoming election in Cartier is as honest as we can make it and that those who have been responsible for this corruption and the placing of names improperly upon the voters' lists shall be prosecuted to the utmost extent of the law. To simply say to people who have padded the lists, "We are not going to pay you for the enumeration," is entirely insufficient. We have to safeguard democracy in this country and there is no way of bringing our democratic institutions into greater disrepute than to have the knowledge go abroad that this house, having information regarding the condition which exists in a constituency, does not take the proper action.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I first of all say to the hon. member that I am obliged to him for having brought up this matter as being one of urgent public importance. It certainly is and my hon. friend is quite right when he says that it affects the privileges of the entire house. I so regard it myself and I am sure that every hon. member in the house equally so regards it. I am not in position to say to what extent his representations may or may not be correct, but he has certainly given enough in his statement to make it clear that there is a necessity of having the matter fully and carefully looked into.

He has made some references which I think are irrelevant. He referred to a statement made by Hon. Mr. Cahan when he was in this house in relation to one election which took place when he was a candidate. If my hon. friend had wished to be fair in that matter I do not think he would have singled out the city of Montreal as being the one centre of political iniquity. Had he really known the whole situation he might have gone to other constituencies where other people have also had experiences in general elections. I think myself at the moment of an election when I was a candidate in York North a few years ago and busloads of voters were brought up from Toronto to poll votes against me and did so although not one of them had even his name on the voters' lists.

Mr. COLDWELL: May I say to the Prime Minister that the only reason I referred to the constituencies I did was that I had the information before me. Had I had other information, I would have given it.

Mr. MACKENZIE KING: I heard the statement made by Mr. Cahan in this house and he and I frequently talked together about the best methods of meeting some of these wholly improper and wrong practices which are adopted by certain people in elections,

but which certainly do not represent the wishes of members of this House of Commons. My hon. friend was good enough to say that he knew I would not approve of these methods. I think he might have said that with equal truth of every hon. member of this house. I believe that every member of parliament is interested in having honest elections, and I think every member of this House of Commons would be prepared to assist in seeing that elections are made as clean as it is possible to make them. My hon. friend says that if elections are to be stolen or filched, it is as bad as having no election at all. I would go further than that. I would say that it is worse than having no election at all because it is encouraging a form of wrongdoing that cannot be too quickly stamped out entirely, if representative institutions are to be respected in our country.

I did hear a day or two ago that some irregularity had occurred in connection with one of the enumerators or returning officers, but the particulars I do not recall at the moment. My colleague, the Secretary of State (Mr. McLarty), and I conferred about it at once, and the Secretary of State took steps immediately to have the chief electoral officer investigate the matter. This is the first intimation that I have had of anything of the kind to which my hon. friend has referred other than the one case I have just mentioned.

I wish to make it clear that the law under which elections are held, by-elections as well as general elections, is a law that was made by the parliament of Canada. I assume there is within the law itself the means of meeting a situation of this character. If there is not, then the House of Commons as a whole has been remiss in not seeing that the law was made sufficiently comprehensive to deal with anything of the kind. I shall be surprised if it is not, but I agree with my hon. friend when he says that there may be reasons why the government should insist where there are offences, where people are not complying to the full with the provisions of the law or taking steps which would defeat the purpose of legislation of this house, that everything possible is done to see that the situation is rectified and that wrongdoing is prevented as largely as possible.

I cannot say, speaking offhand at the moment, what is involved in the suggestions which my hon. friend has made as to the manner in which this situation can be most effectively dealt with, but I will say now that I shall take up the matter immediately with other members of the government and that, as far as it is possible for the government so to do, steps will be taken to see that the election in Cartier is made as fair and square as it can possibly be made. I cannot express too strongly, not only on my own behalf but on behalf of my colleagues, and, may I say, on behalf of every member of this House of Commons, that not one of us in this House of Commons shall view as being warranted any situation with respect to by-elections that is not creditable to the country. I shall go further, and say that I do not care who the man is, whether he calls himself Liberal, Cooperative Commonwealth Federation, Social Credit or by any other designation, if he lends himself to practices that are wrong, he should be dealt with summarily without regard to anything except the offence of which he is guilty and circumstances relevant thereto. I shall be happy to assist in any way in my power toward seeing that, not only this election, but all elections, as far as possible, are conducted in a fair and honourable way.

Hon. N. A. McLARTY (Secretary of State): In view of the Prime Minister's remarks, perhaps I should say a few brief words in connection with this matter. Naturally, this is the first intimation that has come to me of irregularities of the kind alleged. I am sure that if they had come to the attention of the chief electoral officer he would have immediately communicated with me, and the fact that he has not done so—

Mrs. NIELSEN: May I correct the minister? I also received a telegram on July 14 about this matter, giving exactly the same information as that given by the hon. member for Rosetown-Biggar, and I immediately telephoned the chief electoral officer. Therefore he has had that information.

Mr. McLARTY: If the hon. member had allowed me to finish she would have heard exactly what I intended to say. I stated that this is the first indication as far as I am aware as to any facts of padding of the enumerators' lists. I was going to say that late on either Thursday or Friday night a wire was received, I believe from Fred Rose, who is a candidate in the election. I do not know for what party he is a candidate or on what platform he is running. It was too late to get in touch with the chief electoral officer that night, but the first thing in the morning I had a consultation with him, and, after discussing it with the Prime Minister we sent the assistant chief electoral officer to Montreal to investigate the accuracy of the allegations which were there made. So far his report has not been received, although verbally I was advised this morning that allegations contained in that telegram were not substantiated. But, for the benefit of the member for North Battleford (Mrs. Nielsen), if my memory is correct, there were

no facts in that telegram indicating that the enumerators' lists had been padded, and it was to that phase of the election, which was the most serious phase dealt with by the hon. member for Rosetown-Biggar, that I was intending to refer when I was interrupted.

There is one thing which is a little difficult to understand and to give credence to. The Dominion Elections Act provides that there shall be not one but two enumerators; and under the act those enumerators are nominated by the successful candidates in the preceding election and the candidate getting the next largest number of votes. In other words, in order to enable to happen what is alleged to have happened—to do justice to the election act—there would either have to be some measure of conspiracy, or the enumerators would have to be under the impression that they were taking a census, not making an enumerators' list.

Mr. GRAYDON: May I ask my hon. friend who appointed the second enumerator, besides the winning party in the last election?

Mr. McLARTY: Mr. Speaker, a note was forwarded to me a couple of minutes ago. In the last election Mr. Bercovitch, who has passed away, polled 18,000 votes. The only other candidate, Mr. Ainey, listed at that time as "National Labour," polled 2,000 votes. Now Mr. Ainey is on active service, and I am advised that the political representatives of Mr. Bercovitch's party and the political representatives of Mr. Ainey's party would appoint the enumerators.

Mr. COLDWELL: And who are they?

Mr. McLARTY: I have no idea, Mr. Speaker. Mr. Ainey is described as "National Labour". He may be, so far as I know, C.C.F.

Mr. COLDWELL: No, he is not. I think he is another Liberal.

Mr. McLARTY: I have no idea who he is. What is more, I have no idea what candidates are running in Cartier to-day.

Mr. COLDWELL: He was certainly not a candidate of the C.C.F. I do not know what he is—possibly another Liberal.

Mr. DUPUIS: He must be a C.I.O. candidate.

Mr. McLARTY: I do not know what he is. I assume the returning officer would act fairly in the appointment of the enumerators. If the evidence read by the leader of the C.C.F. is correct, certainly if the enumeration was fairly done, it was carelessly done. But in the absence of any more definite information it would be very difficult on the spur of the moment to give a decision on a purely ex parte statement. I can assure my hon. friends, however, had any such information been available to us prior to this time, an immediate investigation would have followed.

Mr. ROSS (Souris): May I ask the minister, in the matter of these by-elections, what arrangements if any are made to take the soldiers' votes, that is those serving in the armed services whether in Canada or overseas?

Mr. McLARTY: Unfortunately in the case of by-elections, no arrangement can possibly be made.

Mr. SPEAKER: Order.

Mr. McLARTY: I know my hon. friend will be fair enough—

Mr. SPEAKER: The question cannot be asked in this debate, which is confined to one subject, and that is the Cartier by-election.

Mr. BROOKE CLAXTON (St. Lawrence-St. George): Mr. Speaker, in support of his argument the hon. member for Rosetown-Biggar (Mr. Coldwell) referred to conditions in St. Lawrence-St. George. I think hon. members would expect me, and I feel it my duty, to say something about those conditions.

Mr. SPEAKER: Order. May I point out to the hon. member that the hon. member for Rosetown-Biggar (Mr. Coldwell) did make reference to the city of Montreal, which I think was irrelevant to the argument which he was using. I will allow the hon. member to reply to that, but the debate cannot be extended to include either the election act or election laws, or happenings in other constituencies. However, I shall allow the hon. member to reply because I rather think I should have called the hon. member for Roestown-Biggar to order when he introduced something other than the subject matter of this debate.

Mr. CLAXTON: I quite appreciate the difference, Mr. Speaker, and I will limit my very few remarks to the point made by the hon. member for Rosetown-Biggar. He cited in support of his description of conditions in St. Lawrence-St. George the remarks of my predecessor, Hon. C. H. Cahan. These remarks were made in this house and before commiteees of this house, as I recall it, in 1934, and I have to remind hon. members that Mr. Cahan, for whom I had and have the utmost respect, used consistently to complain about the condition of affairs in St. Lawrence-

St. George, and equally consistently used to get elected there. He was elected in 1925, in 1926, and in 1930, and all that time he kept complaining steadily about conditions there. He said in his remarks quoted by the hon. member for Rosetown-Biggar that he understood that some elections there had cost as much as $120,000 to $125,000, and the inference was always made that this money was spent in corrupting the electors. Well, I have to recall that in the last election Hon. Mr. Cahan was defeated by a not inconsiderable majority, and the expenses on both sides of the election on that occasion were lower than at any time in the history of the division, so far as expenses are known at all, and the expenses on the winning side were considerably lower than those of the defeated side. Now, when the election began, when I was nominated, I went to Mr. Cahan and expressed my respect for him. I said, "This will be as clean a fight as we can make any election fight," and he agreed with that course. So far as I know, both of us lived up to that agreement completely. I never heard from anyone, Liberal or Conservative, inside or outside the constituency of any corruption or alleged corrupt practices during the election of 1940; and I think it is stretching a long bow to support an argument with regard to the Cartier division by making references to something said about St. Lawrence-St. George in 1934 by the member for that time.

I only conclude by saying that I think the people of St. Lawrence-St. George would support what I say, and that is that no election could have been cleaner than the last one, and I believe the hon. member for Rosetown-Biggar, who knows me pretty well, would agree that if I had anything to do with it that would be the case. I therefore submit Mr. Speaker, that the argument drawn over the boundary line from one division to another will not hold water for a minute.

Mr. GORDON GRAYDON (Leader of the Opposition): I have no desire to take any lengthy part in the debate which has been initiated by the hon. member for Rosetown-Biggar (Mr. Coldwell). However, I should like the house to know that my view is that the launching of this move to adjourn the house to discuss a matter of urgent public importance has served a useful purpose at an appropriate time.

As the Prime Minister (Mr. Mackenzie King) well pointed out, every member of this house, as every citizen in Canada, should be and is interested in seeing that we have honesty in our elections. That is a matter that goes to the very root of democracy, as the member for Rosetown-Biggar pointed out. He went a good deal farther than that, indicating that this was the kind of thing which might perhaps be called a parallel to the disfranchisement of citizens generally and which, as he suggested, might lead to dictatorship. These are things which the average citizen and members of parliament must guard against with great jealousy, and the launching of this motion has brought to the house again the necessity for cleanliness and purity in our public life and in elections in Canada.

I was greatly surprised, indeed alarmed, to hear of the evidence which had been brought in affidavit form and otherwise by the hon. member for Rosetown-Biggar. It indicates a situation which I can see, by his attitude, that the Prime Minister and others are anxious to clear up. This party takes the stand that matters of this kind must be cleaned up in the public interest, and we take that stand unequivocally.

I was interested in what the Prime Minister said in one of his asides, with reference to the historic constituency of North York, where he exhumed one of the old election corpses to bring it before the house, saying that there were some bus loads of people brought from Toronto, although he did not make it clear how they voted. Those who came by bus loads did not all vote for him. In any event I was pretty young at that time and was not able to take the keen interest that I do now in elections. It would be strange indeed, however, if all the wrongs were on one side, if all the sinners belonged to one political party, even in North York. I do not want to criticize the Prime Minister unduly for bringing up this matter, but the man against whom he ran in that election, and who perhaps was indirectly spoken of by the Prime Minister—I do not believe he meant it in that way—has passed away and he may be said to have left an excellent record in public and private service in Canada.

I wish to associate myself with those who have spoken in the interests of cleaner elections for Canada, and I suggest to the government that they should do all that lies in their power to go to the very root of the difficulties which have been brought before the house, to see that an example is made of this instance and to ensure that if such things occur in the future they will be dealt with to the full extent of the law.

Mr. MACKENZIE KING: May I say at once to my hon. friend that I cannot imagine by what construction of thought he has brought in a reference to a former member of parliament who ran against me. I made no reference whatever to any individual, and the

last thing I would wish to do in this house, a thing that I have never done at any time, would be to reflect upon one who has passed away and is not in a position to answer for himself. I made reference to something that had been done by a political machine, and my hon. friend knows as much about political machines as I do.

Mr. ROWE: That is a great compliment to him.

Mr. GRAYDON: May I say to the Prime Minister that in this, as in many other things in this house, I am listening at this moment to the voice of experience.

An hon. MEMBER: Listen to it and you will get somewhere.

Mr. T. L. CHURCH (Broadview): I would point out that the chief electoral officer has all the jurisdiction that is necessary to control this election, and if there have been such irregularities, as the hon. member who has moved the motion (Mr. Coldwell) has indicated, the writs should be cancelled or postponed and registration verified by the chief electoral officer and his deputies in the island of Montreal. With regard to the allegations made by the mover of the motion concerning the telegraphing of votes, people being left off the lists, and dead voters, that is something that has gone on in almost every election that I have known of, because elections, as has been said, are not won with prayers. Registration cards should be produced by the voters. I suggest that anyone who cannot read or write should not be on the list.

In 1934 the then member for St. Lawrence-St. George headed a committee which revised the electoral law of the country, and many of the matters that have been referred to by the mover of the motion, which were prevalent throughout Canada, were thoroughly investigated. In 1930 in the constituency of St. Lawrence-St. George and west centre Toronto, some of these very things now complained of went on, and the particulars appeared in the daily press for a month after the elections. In Britain they have recognized, apart from two or three elections in Scotland, the principle of allowing a candidate representing the same party in a constituency to be elected for the duration of the war, but that practice will be prevented in Canada so long as anyone is a British subject and can deposit $200, an election will be held.

I submit that the chief electoral officer has absolute power, he is a thoroughly competent official and if there are irregularities as alleged, the election could be postponed. The government has the power to suspend the election for thirty days or to cancel the writs until this situation is cleared up, if after investigation the complaints are justified.

Mr. MACKENZIE KING: Does not the hon. member for Rosetown-Biggar feel that the matter has been sufficiently discussed to justify his withdrawing the motion now so as to enable the house to get on with its regular business?

Mr. COLDWELL: I am glad to withdraw the motion. The purpose has been served, but we shall ask in a few days what steps the government has taken.

Mr. E. G. HANSELL (Macleod): I am not going to prolong the debate at any great length, but the matters that have been revealed this morning and which look rather damaging are the sort of thing that makes politics dirty. They are the sort of thing that makes democracy weak. Matters of this kind should be looked into with all sincerity and with a good purpose in view, and I do not think the purpose is served by merely blaming some enumerator who may not have carried on his work well or may eventually be proved to have padded some lists. I am inclined to think that where there are election corruptions the blame may be attached to some huge political party machine, and I suggest that in dealing with matters of this kind there should be such punishments as fit the crime. If we are to have honesty in our electoral system, then penalties must be imposed for breaking the law.

The Prime Minister has referred to this matter and has expressed his alarm and more or less indicated that it does not matter whether it is a Liberal candidate, a Cooperative Commonwealth Federation, a communist or any other candidate that is running. I am inclined to think that the responsibility should not always be attached to the candidate, but rather to the machinery that is behind, operating in these electoral campaigns. The matter brought up this morning casts the suspicion upon every member sitting in this house, not only from Montreal and district but from every other large metropolis in Canada, whether he is eligible to sit as the properly elected representative of the people.

The hon. member for Rosetown-Biggar (Mr. Coldwell) has suggested a way in which this matter can be dealt with, but I am not so sure that it goes far enough. I am wondering whether a thing of this kind should not be investigated more fully by the privileges and elections committee of this house.

Mr. COLDWELL: There is not time.

Mr. HANSELL: The hon. member interjects that there is not time. But a matter of this kind is serious enough to warrant postponing the by-election. It is serious because it is an encroachment upon our whole democratic system.

Mr. COLDWELL: That is right.

Mr. HANSELL: It might suggest a doubt whether the government was sitting there by reason of corrupt electoral practices. I am not saying it is; of course not, but this matter is tremendously serious, so serious as to justify postponing the by-election until there has been a thorough investigation. And when that has been done, those found guilty of corrupt practices should not simply be allowed to run away, laughing up their sleeves. The strength of a law is to be found very often in the penalties it prescribes. Where there are no penalties and no punishment the law is often weak and ineffective.

The matter of registration cards has been brought into the discussion. I am not going into that in detail, but I do believe that a registration card should be shown before a person is permitted to vote.

Mr. FRASER (Peterborough West): That would not do any good; you can get a bushel of them.

Mr. HANSELL: The hon. member says it would not do any good, and I am inclined to think he is right. These little registration cards that we carry around in our pockets signed by somebody that nobody knows as deputy registrar, I am inclined to think are not worth very much. I believe a registration card should be issued under seal and be a document of value.

Mr. SPEAKER: Order.

Mr. HANSELL: I do not blame you, Mr. Speaker, for calling me to book. I know that was out of order. When the plebiscite was discussed we brought the same matter up and were told that we could not use registration cards on that occasion.

I will close by saying this. If our democratic system is to survive, our electoral system must be so framed that corrupt practices will be rendered well-nigh impossible, and until that is done we have not a democratic system at all. We are told that our boys are fighting to preserve democracy. Well, we had better get democracy here at home first before we talk in those terms, and if our democratic system is to be preserved, our electoral system must be safeguarded in every way so that corrupt electoral practices will become practically unknown.

[Mr. Coldwell.]

Hon. L. S. ST. LAURENT (Minister of Justice): May I say a word to reassure the hon. member. The act provides penalties. Rule 11 of Schedule A to section 17 of Special Election Instructions says:

> Enumerators who, wilfully and without reasonable excuse, omit from their list of electors the name of any person entitled to have his or her name entered thereon, or enter on the said list the name of any person who is not entitled to have his or her name entered thereon, shall, in addition to any other punishment to which they may be liable, forfeit their right to payment for their services as enumerators.

Then section 70 (4) says:

> When it is made to appear to the chief electoral officer that any election officer has been guilty of any offence against this act, it shall be his duty to make such inquiry as appears to be called for in the circumstances.

And he has further powers to intervene and incur such expenses as may be necessary for these purposes. Then subsection 5 provides:

> The chief electoral officer shall have the like powers in the case of any offence which it is made to appear to him to have been committed by any person under section 17.

That is the section dealing with the enumeration. So that there are penalties provided by the act, and I can give the hon. member the assurance that all the facilities of the Department of Justice will be at the disposal of the chief electoral officer to see that prompt and appropriate penalties are meted out to anybody who may have violated the provisions of the act.

Hon. L. R. LaFLECHE (Outremont): Mr. Speaker, I wish to associate myself without any reserve with what has been said this morning by the Prime Minister (Mr. Mackenzie King). There is no doubt that elections, if we are to be a free and independent democracy, must be carried on honestly.

We have heard reported to this house this morning by the hon. member for Rosetown-Biggar (Mr. Coldwell) what I take it at the moment are allegations, and I believe ex parte.

Mr. COLDWELL: Supported by affidavits.

Mr. LaFLECHE: Quite right, but which have not been put to any test. Whether the allegations are correct or not remains to be seen. I recall to the members of the house the words of the Prime Minister and the Minister of Justice (Mr. St. Laurent) to which we have just listened. I fear that what the hon. member for Rosetown-Biggar has said this morning will be taken as gratuitous insults. He had his opportunity of making *une amende honorable,* and I am very sorry that he did not acquit himself as one might have expected.

Mr. COLDWELL: The hon. member says that I have not made honourable amends for what I have said. I produced certain evidence here this morning, and if the minister intends to defend electoral corruption in the city of Montreal, he is at liberty to do so.

Mr. LaFLECHE: The hon. member evidently cannot stand to be taken to task even according to the rules of the house.

Mr. COLDWELL: I do not intend to be insulted.

Mr. LaFLECHE: I do not intend to defend what is wrong.

Mr. COLDWELL: I do not intend to be insulted by anyone, least of all by the Minister of National War Services (Mr. LaFleche).

Mr. LaFLECHE: I do not desire to defend anything that is wrong. If the hon. member for Rosetown-Biggar is so deeply bitten by the necessity of defending what is right, then I should remind him that red warfare is being carried on in other places in this world—

Mr. COLDWELL: For democracy.

Mr. LaFLECHE: Yes, for democracy—but where is he?

Mr. COLDWELL: The hon. gentleman has asked me the question, where am I. I am in this house doing my duty as a loyal member of his majesty's parliament and I intend to continue to do my duty here.

Mr. LaFLECHE: That is very good to hear, Mr. Speaker; now may I carry on. I have the honour to represent the honest and proud county of Outremont—

Mr. COLDWELL: I have not said a word about it.

Mr. LaFLECHE: —which is a county within a cluster of equally honest and proud constituencies. I want to make it very clear that I have never had any knowledge of this practice that is termed telegraphing, nor have I heard the slightest suggestion that it has been carried on. I want to make that definite statement so that the matter may be crystal clear. I want to express very deep disappointment that any hon. member of this house should have seen fit to allow it to appear, through his words, that a whole cluster of constituencies has been tarnished by this so-called practice of telegraphing; and moreover it is repugnant to all men that this brush should be applied to a particular locality in this country.

Mr. A. R. ADAMSON (York West): I would not have said anything during this debate if the Minister of National War Services (Mr. LaFleche) had not interjected his remarks about Montreal. I happen to know something about this riding, as I ran against the Cooperative Commonwealth Federation candidate in 1940 who is running there. I have discussed the present campaign with him. The hon. member for Rosetown-Biggar (Mr. Coldwell) has explained exactly what has been going on in the Cartier division. However I would suggest to the hon. member that something more than a registration card should be demanded by way of identification. I was able to purchase registration cards quite openly in the city of Montreal, and I see no reason why other people would not be able to do the same thing.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. gentleman is introducing a subject which is not before the house in this debate.

Mr. ADAMSON: Speaking to the point of order, Mr. Speaker, may I say that the hon. member for Rosetown-Biggar brought up the question of registration cards and suggested that these should be used for the identification of the voters in this electoral district. Your Honour allowed that as perfectly permissible. Now I am merely pointing out that in my opinion that is insufficient because registration cards can be bought in Montreal, as I have bought them.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. gentleman is introducing another subject. Under standing order 31 the debate on the motion before the house must deal with one matter only and no other matters may be introduced. The hon. member is now saying that registration cards may be purchased in Montreal. That is a matter which is not before the house and which is not relevant to the motion under discussion.

Mr. ADAMSON: The only statement I wished to make was directly in connection with what the hon. member for Rosetown-Biggar had to say with regard to the identification of voters in this division. I wanted to suggest that something more than registration cards should be required. That was the point I wished to make, and that was all.

Mr. SPEAKER: Is it the pleasure of the house that the hon. member for Rosetown-Biggar shall have leave to withdraw the motion?

Motion withdrawn.

ONTARIO ELECTION

INQUIRY AS TO ARRANGEMENTS FOR VOTING BY MEMBERS OF RESERVE ARMY IN CAMPS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Have any arrangements been made between the Department of National Defence and the provincial authorities of Ontario to enable Ontario voters in the reserve army who may be at camp on election day to exercise their franchise in the forthcoming provincial contest?

Hon. J. L. RALSTON (Minister of National Defence): This matter was brought to the attention of the department yesterday by the district officer commanding military district No. 3, at Kingston; and the hon. member for Broadview (Mr. Church) also sent me a note asking about the matter and referring to an article in this morning's newspaper. On inquiry I find that the department communicated immediately with Major Lewis, who is clerk of the legislative assembly and, I am told, chief electoral officer, to ascertain from him what arrangements he had made, because it seemed to the officers concerned that the arrangements would have to be made by those who were in charge of the election procedure and machinery. No reply has been received as yet, and I can only say that the department has already indicated to Major Lewis that in connection with matters affecting the election officers will cooperate just as far as that possibly can be done. However, I think the arrangements for voting would have to be made under the direction of Major Lewis.

Mr. GRAYDON: Under the present arrangement it looks as though quite a number of Ontario citizens will be disfranchised, unless something is done in connection with this matter.

Mr. RALSTON: We realized that when the matter was brought to our attention by the officer commanding military district No. 3, and we communicated with Major Lewis.

Mr. TUSTIN: From my constituency alone I think perhaps six or seven hundred men will be going to camp next Sunday, and they will be in camp at the time of the election.

Mr. RALSTON: I still point out that it is a matter primarily for those in charge of the election machinery to arrange, so that these men may exercise their franchise perhaps by voting at advance polls, or by proxy, or in some other way.

[Mr. Speaker.]

LABOUR CONDITIONS

STRIKE AT SOREL PLANT OF MARINE INDUSTRIES LIMITED

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Would the Minister of Labour make a statement to the house concerning the strike at the plant of Marine Industries Limited at Sorel, Quebec, and inform the house as to what steps are being taken by the government to settle the dispute?

Hon. HUMPHREY MITCHELL (Minister of Labour): There is a strike at Marine Industries Limited at Sorel, which has taken place against the advice of the men's leaders. It has to do with the application of the cost of living bonus, and it was a spontaneous affair. As soon as we heard of it in the department, one of our senior industrial relations officers was dispatched to Sorel, and I am hopeful that the men will be back at work in a short time. I would add that the matter is in the hands of the war labour board, and nothing will be done until these men go back to work.

APPOINTMENTS AND PROMOTIONS ON WELLAND SHIP CANAL

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I have a further question to direct to the Secretary of State. I have received some complaints relating to appointments and promotions in the operating and administrative departments of the Welland ship canal, coming from representatives of certain ex-service men. I am going to hand the correspondence over to the minister with the request that before the house adjourns he will be good enough to investigate the matter and, if possible make a report upon it.

Hon. N. A. McLARTY (Secretary of State): If the leader of the opposition will forward to me the correspondence he has I shall be glad to look into the matter and advise him.

WARTIME PRICES AND TRADE BOARD

REQUEST FOR INVESTIGATION OF OFFICE AT MONT LAURIER, QUEBEC

On the orders of the day:

Mr. MAURICE LALONDE (Labelle): Has the government reached any decision following the request I made on the floor of this house on July 6 for the setting up of an impartial and thorough investigation into the administration of the office of the wartime

prices and trade board at Mont Laurier, county of Labelle; and, if so, what is its decision?

Hon. J. L. ILSLEY (Minister of Finance): It is my intention to recommend to the government that a commissioner be appointed to investigate the charges which the hon. member, on his responsibility as a member, made on the floor of the house.

PRIVILEGE—MR. WEIR

REFERENCE TO PRESS REPORT OF AGRICULTURE COMMITTEE MEETING

On the orders of the day:

Mr. W. G. WEIR (Macdonald): Mr. Speaker, I feel bound to rise to a question of privilege, as the result of a Canadian Press dispatch in the Winnipeg *Free Press* of July 17, in the following words:

> Ask Board to Control Grains
>
> Otawa, July 17 (CP)—The House of Commons agriculture committee, during a heated meeting in camera, approved yesterday a motion by E. E. Perley (Prog. Con., Qu'Appelle) that the Canadian wheat board be authorized to handle all oats and barley on a pooling basis according to grade, it was learned last night.
>
> The meeting approved a report to be submitted to the house, which will recommend additional encouragement to essential foods production.
>
> Mr. Perley, supported by P. E. Wright (C.C.F., Melfort) and Robert Fair (N.D., Battle River), urged the committee to recommend a changed system of allocation of railway cars so that pool elevators in Saskatchewan would receive better treatment. The members claimed there was discrimination against these cooperative elevators.

I tabled the reports of the committee on agriculture and colonization this morning, and I wish to say, first, that I did not give out any report of the meeting referred to in the press, or disclose the contents of the committee's report to any member of the press. In fact, no member of the press ever approached me with respect to it. Second, the report which I tabled to-day, which is the committee's report, does not recommend that the Canadian wheat board be authorized to handle all oats and barley. Third, the meeting, while held in camera as are all committee meetings when considering draft reports, was not a heated meeting, as the dispatch implies. Fourth, according to a letter from the chairman of the wheat board, and read to the committee, no complaint had been received that the distribution of cars was unsatisfactory until June 18, following his appearance before the committee; and that since then several conferences had been held in an attempt to bring about a more satisfactory and workable system. Otherwise the report and records of the committee will show exactly what took place.

WHEAT

ALLOTMENT OF FREIGHT CARS TO WESTERN CANADA —LABOUR—AVAILABILITY OF ELEVATOR SPACE

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce by reason of the approach of the new crop season. My question has to do with what is being done with respect to the proper allocation of freight cars, particularly in areas in the prairie provinces where all or part of the threshing was not completed last fall, with the result that many of the farmers in those areas are unable to dispose of their wheat. I believe I should give the minister an example setting out the situation in one particular area, namely, Davidson, Saskatchewan. During the past twelve days only ten cars have been loaded at Davidson. There are 125,000 bushels of wheat to be marketed on the fifteen-bushel quota. Those who did not get threshed until this spring have been able to market very little, and it is going to be a great hardship on them if they cannot get their quota on the market before the new crop comes in. I am informed that in other areas where marketing has taken place, cars are still being received. My question is this: What is being done in this regard to assure an equitable and fair allocation of cars, and in particular is preference being given to areas in which farmers were unable to sell wheat last fall, because of the lateness of the threshing season, or in which threshing was not completed until this spring?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, the hon. member's question has to do with a situation which is causing us very considerable concern at the present time. I refer to the matter of the aceptance of farmers' quotas in western Canada. A great deal of the difficulty at first was that of transportation. That has been a serious situation, and has developed to the point where at the present time there are some 4,500 railway cars loaded with wheat at Fort William waiting for emptying. Including that 4,500 there are a total of some 13,000 cars at Fort William and elsewhere loaded with some 18,000,000 bushels of wheat. This situation, as I say, was at first a transportation difficulty. Recently however it has developed largely into a matter of labour. The ability to get labour at the head of the lakes is the difficulty. My department, the Department of Labour and other branches of goverment concerned have, obviously, been giving this matter anxious and serious attention. I am informed that the labour situation looks as if it will reach an early solution.

Mr. DIEFENBAKER: What is selective service doing about it?

Mr. MacKINNON (Edmonton West): In addition to this situation, and arising out of it, there is the question of accepting wheat from the farmers at many points in western Canada where elevator space is not available. This is a matter which is in the hands of the wheat board, and one which has been receiving its close attention. So far as possible, they are arranging for the placing of cars at these particular points, to move the wheat.

Mr. ROSS (Moose Jaw): May I ask a supplementary question? The minister says the wheat board are arranging to have cars placed. But may I point out we are only about two weeks away from the end of the crop season. In some cases there are elevators without any space for grain to-day, and there are other elevators which have some space, but only for certain grades. In those instances it will be impossible for farmers to deliver the balance of their fifteen-bushel 1942 quota. In such cases where through no fault of his own, but rather because of lack of space in the elevtaors, the farmer has been unable to deliver his 1942 quota, will the minister undertake to see that that farmer's 1942 quota is added to his 1943 quota, after August 1, if he has been unable to deliver up to that time?

Mr. MacKINNON (Edmonton West): I can give the hon. member for Moose Jaw (Mr. Ross) and all interested the assurance that where the difficulty does not arise from the farmer's own reluctance or where, for reasons beyond his control, a wheat producer is unable to deliver all of the fifteen-bushel quota of this year's crop, arrangements will be made to enable him to deliver the deliverable portion after the end of this month, the end of the crop year.

Mr. CASTLEDEN: Will anything be done to see that the farmer is given an opportunity to get some advance on the grain he is forced to hold?

Mr. MacKINNON (Edmonton West): That is a matter of government policy; it is being considered.

Mr. DOUGLAS (Weyburn): Some time before the house adjourns will the minister make a statement as to the basis of allocation agreed upon in connection with the distribution of cars? When the agriculture committee were discussing this matter the whole question was under consideration but no plan has been definitely worked out.

Mr. MacKINNON (Edmonton West): This is a matter of considerable interest. I may say that when the wheat board officials were before the agriculture committee the statement was made by the chairman of the wheat board that as far as he knew there were no definite criticisms or charges of discrimination with regard to the allocation of grain cars.

Mr. DOUGLAS (Weyburn): That has been denied since.

Mr. MacKINNON (Edmonton West): No. Shortly after that there were criticisms or possibly charges of discrimination received from parts of western Canada. Meetings were immediately called by the wheat board, I believe with the Saskatchewan pool, the Alberta pool and the Manitoba pool elevators for the discussion of this matter, and an effort was made to arrive at some mutual understanding as to the allocation of cars. My information is that at the last meeting each of the three organizations to which I have referred offered a separate and distinct plan. There has been no unanimous agreement arrived at as yet.

Mr. DOUGLAS (Weyburn): If a plan is formulated before the house adjourns, will the minister acquaint us with its terms?

Mr. MacKINNON (Edmonton West): Certainly.

REPRESENTATIONS OF POOLS RESPECTING HANDLING OF WESTERN WHEAT CROP

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Not long ago representations were made to him by the three western pools. I believe some of the representations in their brief were embodied in the report of the committee on agriculture, tabled in the house to-day. Will the minister give consideration, or is he giving favourable consideration, to the representations by the pools with respect to the handling of the 1943 crop, and the balance of the crop of 1942?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, naturally, these reperesentations have been receiving the earnest consideration of the wheat subcommittee of the cabinet.

REDISTRIBUTION

REPRESENTATIONS OF PROVINCES WITH RESPECT TO POSTPONEMENT

On the orders of the day:

Hon. P. J. A. CARDIN (Richelieu-Verchères): Mr. Speaker, at this stage of the session a certain amount of leniency is shown

to hon. members in connection with the application of the rules of the house. In view of what we have been listening to this morning before the orders of the day were called, may I be permitted, even though I may not be strictly within the rules of the house, to ask a question of the government? Have any representations been made to the federal government by any provincial authority, outside of the province of Quebec, with regard to the deferment of the redistribution to be based upon the last decennial census? If such representations have been made, will they be tabled before the session is brought to a close?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend's question can stand as a notice and I shall make a reply later.

CANADIANS IN JAPAN

INTERNMENTS—CONDITIONS AND RESTRICTIONS AFFECTING CIVILIANS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): A week ago to-day the hon. member for Yale (Mr. Stirling) asked for some information with regard to Canadians resident in Japan in order to be able to compare the conditions under which they live with the conditions under which Japanese live in Canada. The matter has been looked into carefully by officials of the Department of External Affairs, and I should like to make the following reply.

Of the 1,000 Canadian civilians known to be in Japan and Japanese occupied China, 163 are known to be interned. Others are detained in certain areas and the remainder are at liberty, but the number in each category is not known. Inquiries have been made through the protecting power as to the nature of the restrictions on movement of Canadian nationals in Japan and Japanese occupied territories, but definite information has not yet been obtained. So far as is known, Canadian civilians in the far east have not been forced to work. I may say to my hon. friend that there are a number of reports in the Department of External Affairs which have come from officials of the International Red Cross. If he or any other hon. member of the house would wish to look over those reports, they will be made available to them at the Department of External Affairs.

CANADIAN ARMY

REPORT ON FIRE IN REGINA MILITARY BARRACKS

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): I should like to ask the Minister of National Defence if he has received a report on the fire in the military barracks at the exhibition grounds, Regina, which did some $250,000 damage? When the minister receives it, will it be made available to hon. members?

Hon. J. L. RALSTON (Minister of National Defence): I received a preliminary report, but I do not remember about any subsequent report having come to my attention so far.

PRIVILEGE—MR. FAUTEUX

On the orders of the day:

Mr. GASPARD FAUTEUX (St. Mary) (Translation: I wish to raise a question of privilege. It is reported in the July 19 issue of the newspaper *Le Devoir* that the leader of the Bloc Populaire, the hon. member for Beauharnois (Mr. Raymond), has made a statement to the effect that the right hon. Prime Minister (Mr. Mackenzie King) achieved a constitutional coup d'état in postponing redistribution until the end of the war. The hon. member for Beauharnois suggests that the province of Quebec should send an emissary to Westminster.

I wish to protest against the use of the expression "constitutional coup d'état" and to tell the hon. member for Beauharnois how unfortunate it was that at the time that resolution was passed not a single member of the Bloc Populaire was present in this house to vote against the measure.

At one o'clock the house took recess.

The house resumed at three o'clock.

FARMERS' CREDITORS

CONSOLIDATION OF ARRANGEMENT ACT OF 1934 AND AMENDMENTS

The house resumed from Monday, July 19, consideration in committee of bill No. 132, to facilitate compromises and arrangements between insolvent farmers and their creditors —Mr. Ilsley—Mr. Bradette in the chair.

On section 1—Short title.

Mr. EDWARDS: Mr. Chairman, at the outset I wish to say that this question of farm debts bids fair to remain, as it has been since 1935, a political football. I am not unmindful of the fact that one provincial government in this dominion obtained power by promises of what it would do if put into

power in that province: I refer of course to Alberta. If the farm debt question was not regarded as a vote getter, much of the talk which we have heard on this bill would never have taken place, and I feel confident that the vast majority of farmers in western Canada will appraise at their true worth the adulatory remarks which have been made with respect to them by certain hon. gentlemen connected with the Social Credit and Cooperative Commonwealth Federation parties. I was astounded at the lengths to which some hon. members have gone in fulsome praise of all farmers in western Canada. One hon. member was so good as to say that all of them were honest, efficient and industrious. I recommend to those hon. gentlemen that when they go back to their constituencies they talk with some of the farmers there about their neighbours. They know very well, and the records prove, that such a statement is wholly false in fact. I for one do not believe, speaking by and large, that farmers as such are any more honest than lawyers—that is, members of my own profession—and I do not believe that all lawyers are honest. The same is true equally with regard to preachers—

Mr. McIVOR: I question that statement.

Mr. REID: You would not be willing to debate it, though?

Mr. EDWARDS: —and teachers, and business men, and insurance men; not all of them are honest. Fortunately we have laws of general application which take care of the dishonest, the lazy and the unthrifty, and where such laws are not applicable, nature often steps in and takes care of the situation. I suggest that hon. members approach this problem with a practical sense of its implications, and of the damage which may be done to those who do not now and never will claim the alleged benefits of this legislation.

Circumstances do arise in which by reason of unpredictable conditions, special legislation is necessary. This condition arose so far as agriculture is concerned in western Canada in the late 'thirties, when the then leader of the Conservative party, a man whom I delight to honour as my predecessor, the hon. member for West Calgary, and a former prime minister of this dominion, introduced and passed with the approval of this house a farmers' creditors arrangement act to take care of those special circumstances and conditions—conditions whose effects were spread not only over the west but all through agricultural Canada. The act as then passed was made of general application. It was designed to help whom? Everybody? All farmers? No; only those who could satisfy a tribunal, set up for the purpose of adjudicating thereon, that they were unable, through circumstances beyond their control as efficient, industrious and honest farmers, to meet their debts as they came due. That act has been in operation for nine years in the provinces of Alberta and Saskatchewan, and despite that fact, despite the fact that the door was wide open to any and every farmer who felt that he could comply with the simple conditions set forth in the act, despite the availability of these boards and the simplicity of the procedure, less than ten percent of the farmers have availed themselves of the privilege or opportunity presented by this legislation.

Now, why be so much concerned about the ten or at the very outside fifteen per cent of your farming population being unable to meet their debts as they become due? Have we similar special legislation with regard to other sections or classes of the community? The answer is definitely in the negative. I suggest that the fact that the other provinces of Canada took early steps to have the act removed from application to their provinces should make us pause and consider. The fact that, as I now understand, there are so few applications before the boards at the present time should give us reason to pause and consider whether or not this legislation should be passed at all. I may say quite frankly that but for the limitations in the bill as to the debts to which it will apply, I for one would not support the passing of the bill. I believe that in our attempt to help ten per cent, or fifteen per cent at the very outside, of our farming community in western Canada, we may do irreparable harm to the other eighty-five or ninety per cent of the farmers of the west, and it is on their behalf that I am prompted to speak as I do this afternoon. All the implications of this bill will be felt in our post-war period so far as the vast majority of our farming population is concerned.

As the member for Brandon (Mr. Matthews) so well said last night, and as the premier of Manitoba eloquently and logically stated in the address which the hon. member quoted, credit is based upon confidence. That is the keystone of the arch, not only of commercial and industrial but of agricultural relations and in all our business relations generally. It is not difficult for you and me to find out what our credit is. If you have any doubts about that, ask your friend, ask your neighbour how much he will lend you.

I do suggest that credit and confidence are based on knowledge, character and past dealings, and if we are dishonourable, if our record is bad, then our credit as such is gone. If it is to be bruited abroad that a first mortgage or an agreement for sale has no validity in a court of British justice, by reason of an act of this parliament interfering with contractual obligations, then I for one would not want to invest my money or my savings or earnings in any venture founded on real estate security in the province of Alberta.

The implications of this bill go farther than one individual case. I dare say we are all aware that in years gone by people have invested their money or saved it by buying life insurance, and they look to those policies to provide for them, for those whom they love and who are dependent upon them in their later years, or when they are gone and yet I know, as does everyone here, that the insurance policy which is to be a protection for me in my old age, and for my dependents, cannot be paid, it cannot be matured unless the mortgages in western Canada are paid with interest. I wonder how many of us would be in favour of this legislation if there were introduced concurrent legislation to provide that the life insurance companies, which are the great repository of trust funds in Canada, were to be relieved of their contractual obligations, to pay your wife or your dependent children, or yourself in your old age, the amounts stipulated for in the contract.

I say therefore that this legislation has a much wider implication than the province of Alberta, or Saskatchewan or Manitoba. I for one would like to believe that the insurance companies with whom I have been depositing my premiums from year to year were spending some portion of that money in helping responsible farmers, business men and industrialists in the province of Alberta; and yet I would be the first to rise and condemn them if under existing legislation, or legislation as we have had it in that province for the last ten years, any insurance company had invested my life savings in a first mortgage in Alberta, or in an agreement for sale, or even in provincial government bonds. I am sure that upon a realization of that fact the same criticism would fall from your lips. This is extraordinary, exceptional legislation. It interferes with contractual rights and obligations, regard and respect for which go to the very roots of our economic system in the English-speaking world. This is essentially class legislation, and as such should be viewed not only from the standpoint of the comparatively few citizens of the class who will benefit, but from the effect which it will have on the rest of the class, on the rest of the farmers who constitute the vast majority of the people of western Canada, and upon our citizenry as a whole.

Confidence is the basis of all credit. Without credit western Canada would not have developed as it has in the last thirty years, and without credit western Canada cannot hope to keep pace with the rest of the dominion in the post-war years.

Coming to the farmers of western Canada themselves, while I do not and have not acted for many years for any so-called investment companies, mortgage or life insurance companies, I did have in the earlier years of my practice, in the years succeeding 1920, from 1921 to 1925, considerable to do with mortgage foreclosures. I did act for one mortgage company and that experience served to confirm me in my belief in one thing, and that is the absolute impartiality and fairness and essential justice of our courts in dealing with mortgage foreclosures. I foreclosed from one hundred to one hundred and fifty mortgages in that time. That is a conservative estimate. In no instance was the foreclosure opposed. In no instance was there by any stretch of the imagination one dollar of equity in the land for the borrower. In every instance the mortgage company took losses varying from a few hundred to several thousands of dollars.

Mr. DOUGLAS (Weyburn): Where had the farmers' equity gone?

Mr. EDWARDS: The farmers' equity had gone, if you will, "with the wind". In many instances the farmer had abandoned his land. It was my usual practice to make inquiries of the secretary of the municipality, the school board or the reeve of the municipality in regard to the character and ability and industry and thrift and honesty of the farmer whose mortgage was being foreclosed. In no instance that I can recall was there any protest by any neighbour or by any responsible man in the community as to the impropriety of the proceedings which had to be taken. It is not surprising to know that that mortgage company is no longer in business. It failed—and there is no legislation to take care of it.

My second observation is this. I have amongst my clientele numbers of elderly people, retired farmers, if you will, men who sold their farms because of age or infirmity. One of the most distressing things to me is to find an old couple who have spent their years in developing and paying for a farm in Saskatchewan, in one instance, in Alberta

in another, now living on relief and charity by reason of the application of this act, which wiped out their equity in their farm and left them without a roof over their heads that they could call their own. They are now dependent on the bounty of the province. In the one instance that comes most vividly to my mind a farmer came in from across the line, not a Canadian citizen, and bought this farm for $2,000 cash and a promise to pay the balance, not in cash but in so many thousands of bushels of wheat in succeeding years. And now he carries on secure in his tenure on a farm on which he has lived for only four or five years. He has changed his method of farming and gone into live stock, cattle and hogs, and lives in comparative luxury on the farm which the farmer and his wife homesteaded while they exist in homeless penury.

It works both ways. There are not a few farmers in Saskatchewan and Alberta who would gladly sell their farms but for this act and similar legislation that has been in existence in the province. Now, perforce, they will not sell unless they get all cash. Young men are growing up in our province to-day who would willingly and gladly buy a farm and establish a home, but they cannot do it because they cannot get the credit. Their neighbours, men who have known them all their lives, older men, say: I cannot sell to you for fear of this very legislation. The result is that we are doing the very thing that some hon. gentlemen who spoke last night deplored. We are creating a condition in those western provinces which can lead to nothing but a population of tenant farmers. I could name a dozen men to-day in good districts in Alberta who would gladly sell their farms but for this and similar legislation. But now it is "all cash or nothing". And why? Because the farmer who owns his land says: This farm is all I have to take care of me, and you may make an agreement to pay me one-third of the crop up to five or ten thousand, or whatever the case may be. But to-morrow or next year you may walk into the debt adjustment office and take advantage of this legislation, and I shall no longer have my home or security; the payments on which I was relying to keep me in my old age will not be forthcoming, so that I prefer not to sell, and I shall rent my farm instead, as so many other farmers have done and are doing. The same thing is true in connection with the lands which have been foreclosed in years gone by; no mortgage or investment company will lend money on farm mortgages or discount agreements for sale, for the very reason I have mentioned. What is the foundation of all credit? It is confidence.

I commend the minister for the legislation he has introduced. I commend him on the limiting clauses which are contained in that legislation for, as I see the prospects ahead, with the prosperity we have in western Canada at the present time, with the record now before us as to the reduction and liquidation of farm debts and obligations, in another three, four or five years this legislation will go into the discard, because no longer will it be necessary. Then I trust that the confidence of the investing public in western Canada will be restored and that we shall go ahead side by side with our sister provinces, participating to the fullest extent in the prosperity which I believe lies ahead of this the finest country in the world.

Mr. HANSELL: I think I can say I take just a little pleasure in following the hon. member for Calgary West. The hon. gentleman has made one or two very singular statements. To me he seemed particularly interested in the welfare of insurance companies and other financial institutions, and I wondered if he had forgotten that the legislation we are now discussing is supposed to be designed to settle debt, not to protect any investment funds he may have in the form of premiums deposited with insurance companies. The unfortunate thing about his exposition this afternoon is that evidently he is in a happier position than many others, in that he has some little investment in the form of life insurance premiums. As I understand it, this debt legislation is designed to protect the unfortunate farmer who never in the wide world will be able to build up any security for his old age in terms of insurance.

The hon. gentleman said that he has never represented any financial institution. Well, I should say that he could not have done a better job of representing them than he did in his speech this afternoon. I believe the hon. gentleman should have thought a little more deeply than evidently he has been thinking in the past. He had a good deal to say about the credit of Alberta; in the first place he had a good deal to say about confidence. The very word "confidence" is a misnomer unless we are told in what we are to have confidence. The hon. gentleman was speaking as though the investment corporations had no confidence in the Alberta government. Well, I am not going to say whether they have or have not; if the hon. gentleman wishes to speak in those terms, that is all right with me. While he was speaking, however, I rather fancied that he imagined himself on the opposition side

in the Alberta legislature. The hon. member for Acadia reminds me to ask the hon. gentleman whether he has ever read the report of the Bank of Canada following the investigation it made into the Alberta situation a few years ago. I have not the exact words before me, but that report placed almost the entire blame for the loss of credit upon former administrations in that province, particularly those administrations under the Liberal regime. However, I shall not now bring up that old stuff. I should like to know, however, in what the hon. gentleman means we should have confidence. Surely there is not a mortgage company which would not have confidence in an agricultural policy which gave farmers adequate prices for their produce. I suggest that the hon. member's thinking is a little shallow there, and I believe he should go a little further under the surface.

Let us look at the matter in this way. If in Canada there could be an agricultural policy which would keep agriculture solvent, therein would lie all the confidence of which any investors would ever have need. I suggest that if in the past the Alberta government took certain action to protect the farmers, it was not because it had any grievance against the mortgage companies or lending institutions, but because this Ottawa government, which is responsible for national policy, never had a national agricultural policy that kept agriculture solvent at all times. I think the hon. member should look at matters in that light, instead of playing politics to the gallery. Let me remind the hon. member of this: If agriculture in Alberta had been solvent there would have been no need for the government of that province in days gone by to tackle so vigorously the debt situation as it existed there. The only reason they tackled it was that the farmers were being driven off their land and out of their homes. Surely the sanctity of a farm home is as sacred as some sort of financial scheme. That is the way we must look at the operation of the present fiscal policy of the country.

We have no quarrel with the lending institutions. They are all well and good in their proper place. Our quarrel is with a bad financial policy, with finance itself, with monetary arrangements which have existed and continue to exist. I believe I can say that, after all, the basic trouble of practically all our problems, even to the extent of our international problems, is one of finance.

Since the hon. member for West Calgary has mentioned Alberta, may I point out that ever since it took office in 1935 the Alberta government has laboured hard and battled well to alleviate the most distressing agricultural debt situation one could imagine. As early as 1937 the government of that province passed what was known as the Credit of Alberta Regulation Act. This was basic legislation which, we believe, would have enabled the government of Alberta to deal with the debt problem. But what happened to this legislation? It was immediately disallowed by the central government here at Ottawa. Following that the Alberta government passed a measure known as the Reduction and Settlement of Debt Act. This act would have established a basis of settlement for all outstanding debts. But what happened to that legislation? It was declared by the courts to be ultra vires of the province. Then came what is known as the Home-Owners Security Act. This was passed because, under the stress of world conditions and, shall I say, a falsified financial system over which individuals had no control whatsoever, many were forced to mortgage their homes, and were then in danger of losing them. Surely it should be recognized that there can be no sanctity of contract which does not also recognize the sanctity of human life and homes. Surely the sanctity of homes has as least as much value as the consideration of a faulty money system. This act, too, was disallowed by the central government at Ottawa. If it had been allowed to stand it would have brought debtor and creditor together to seek an equitable basis of settlement through the medium of a debt adjustment board. The farmers of Alberta would not have been faced with the present situation had that act not been disallowed.

That is our contention, and has been from that day to this. The argument has gone on as to whether or not the debt adjustment board had the right to settle debts. This issue was thrown out, not only by the courts of Canada but by the privy council. This, Mr. Chairman, is the record of a great battle against a great power. And I will say this, that the late William Aberhart started the battle for the emancipation of the people from slavery and debt. That battle is not yet won, but, may I say to the committee through you, Mr. Chairman, the battle is not yet lost, either. We are going to continue to fight on against a faulty money system, a financial power which, after all, is the greatest power and enemy of the people in the world.

I believe I should say that the responsibility in connection with farm debt does not lie altogether upon the shoulders of the farmers. It seems to me that the lending institutions must bear their fair share of the responsibility. The farmer is no more responsible for the weather, for the drought, for the grasshoppers,

for the hail or for the frost than is the lending institution. But of course the lending institution must be protected in some way or another, while the farmer is left to do the best he can, under conditions of uncertainty.

I hold in my hand a brief entitled "Abuses of Arbitrary Debt Adjustment," put out by the Dominion Mortgage and Investments Association. I believe it was referred to a few days ago. In this brief we find set out a number of examples, and I should like to read only a few words for purposes of illustration. This is what I find at page 7:

> A loan of $800 was made on a quarter-section (160 acres) in 1928. In the 12 years prior to the Board of Review hearing, the borrower paid $131 to the mortgagee and $31 on account of taxes, an average of $13.50 a year. At the end of 12 years, in addition to the $800 which had been loaned him, he owed $119 for insurance premiums, etc., $623 interest and $366 tax arrears. If he had had no mortgage he would have still gone behind more than $200 on his taxes alone.

Before going further I would point out that the lending institution lent the money to this farmer. Surely they would know something about him, the location of his farm and whether or not it was productive. But notice what happens. The brief goes on to state:

> Neither the amount of the loan, the interest rate nor anything else in connection with his mortgage has any material bearing on this man's difficulties.

Well, that is all right; we agree with that statement. I believe it would be true in almost every case. Perhaps farmers have been treated fairly well; perhaps mortgage companies have attempted to settle debts equitably, so long as they were protected and did not lose any money. I am not saying they did not. So that phase of the brief is quite all right. But notice this part:

> The facts speak for themselves. Evidence tendered showed that the debtor was an inefficient farmer unable to manage his farm or personal affairs.

Yet the lending institution lent money to this farmer. Surely they should have known something about the farmer at the time. Then it goes on to say:

> His land is admittedly poor and low grade.

Did the mortgage company not know that before they lent the money?

> As a productive self-contained unit it is never likely to produce sufficient to maintain this family, let alone pay off any debt or taxes.

Yet the lending company lent the money.

> It has, however, a value of at least $1,100 as an adjunct to an adjoining farm.

It would appear from that simple statement that just so long as the lending company is secured, it is not very much concerned about the welfare of the farmer or the question whether or not he can pay his debts. If it had been, it would have safeguarded its interests before it ever lent the money. When companies do that sort of thing surely they have some responsibility if it works out that the farmer, doing the best he can with poor land and gambling against the price of wheat, frost, drought, grass-hoppers and all the other things that enter into the uncertainty of farming, cannot meet his burden of debt.

The hon. member for Acadia (Mr. Quelch) has handed to me a Bank of Canada report on the financial position of the provinces of Manitoba, Saskatchewan and Alberta, 1937. This is what that report says in respect of Alberta on page 34:

> After making full allowance for the rapid economic development of the new province, and the legitimate cost of facilities provided by the government to aid and stimulate this development, it remains the case—in our opinion—that the 1905-22 period was characterized by waste, loose administration, and incurrence of debt to an extent which could not be justified even when allowance is made for the optimistic spirit of the times.

That period of the provinces' history was governed by a Liberal administration. I thank the hon. member for Acadia for handing me that report. The hon. member for Calgary West can think over that should he ever be suffering from insomnia any of these nights.

I should like to say something that perhaps has been said already. I am at a loss to know why the Minister of Finance has evidently ignored the recommendations of the debt conference which was called by the three western provinces. The premiers of these provinces met together and forgot politics. Mr. Bracken who was then premier of Manitoba, Premier Aberhart of Alberta and Premier Patterson of Saskatchewan, forgot their political differences and joined hand to hand in a debt conference. They arrived at certain conclusions and they presented a draft bill. Those premiers subsequently came down and interviewed the government, but so far as this present legislation is concerned it would appear that their representations have been entirely ignored. Since we are in committee I would ask the minister to tell us why he ignored the recommendations of that conference of premiers. In addition to that, farm organizations have submitted briefs of one kind and another, but evidently they have been ignored in this legislation.

This whole situation will never be cleared up by simply passing debt legislation of this kind; the whole debt problem will have to be tackled in a different way. Last fall

a conference was held in Winnipeg on post-war reconstruction, and one paragraph of the resolution dealing with private and industrial debts reads as follows:

Therefore, be it resolved that all agricultural mortgage debts be taken over by an agricultural credit bank operating under a national monetary authority, on the following basis:

(a) The principal amount of debts to be reduced to the original indebtedness less all payments made in excess of three per cent. The farmer will be required to pay this to the agricultural credit bank in equitable instalments on a crop or production share basis.

(b) The agricultural credit bank will repay creditors on equitable terms which will ensure that individuals incur no loss and corporations can meet their liabilities in full.

If something like that were done, the hon. member for Calgary West would need to have no misgivings that any insurance company, mortgage company or any other lending institution would go broke.

Mr. JOHNSTON (Bow River): Or run away with the premiums.

Mr. HANSELL: The hon. member for Bow River says, "or run away with the premiums." I think the debt situation ought to be tackled in some such way, and I believe it can be. What the government is attempting to do is to tackle the debt situation under the present fiscal policy of Canada.

I am disappointed that this bill was not referred to the banking and commerce committee. Perhaps as a private member I should take a little blame for that, but I think the minister could have initiated the matter. I see no reason why the bill could not have been sent to that committee. Some while ago the government found this debt situation left on their doorstep; they had to wrestle with it, and what did they do? For week in and week out the members of this house were urging that legislation be brought down, were asking when it would be brought down. We were told it would be brought down when the appropriation bill was passed, and it is brought down in the dying days of the session. There is no reason why a bill of this kind could not have been brought down earlier and referred to the banking and commerce committee, which would have had an opportunity of calling witnesses from the western provinces, from agricultural organizations and from mortgage companies too. They could all have placed their cards on the table face up. Then the banking and commerce committee could have reported to the house, and I have no hesitation in saying that the recommendations made would have fitted the situation—that is, if they had reported correctly upon the evidence submitted. The result is that we are not informed of the briefs which were submitted. The premiers have come down and spoken to the government; the government have said, "Thank you, gentlemen, you can now go home." But we do not know what their submission was.

Mr. HLYNKA: They went home.

Mr. HANSELL: They went home, anyway.

I think something of that kind should have been done. I do not know what the rules and regulations of the house are on this point, but if there is any possibility of it, I believe the minister would do a service to his government, to the country, and particularly to agriculture and lending institutions, if he would have the bill go to the banking and commerce committee, which could fully investigate the whole matter, whose proceedings would be known to all hon. members and to the country; have them report accordingly, and have a bill based on the work of the committee placed before the house. I recommend that. I have nothing to add at this particular stage of the debate.

Mr. LACOMBE (Translation): The short-sighted policy of the government has led them to another breach of right in introducing this measure. In spite of our constant protests, they have called and keep on calling farmers to serve in the armed forces. It is not at all surprising that they must now have recourse to extraordinary remedies in order to save what can still be saved of our agricultural economy sabotaged by the present administration which must bear the blame. Moratorium and delay are synonymous. Postponements never did cure an evil, but on the contrary, always made it worse. The government says: let us put off until to-morrow the action which must be taken. It is difficult to face duty squarely. Mr. Bennett established a moratorium in peace-time. Why should we not have our own war moratorium, thinks the government.

This arrangement act which they criticized, they adopt it to-day as their favourite child. Thus you see how far an unwholesome and hypocritical policy may lead. In the past few years, we have witnessed the worst contradictions and the repudiation of the most sacred promises. At present, we witness the desperate attempt of an administration which has placed agriculture in a deplorable position because it always rejected the amendments which I moved so often asking that farmers be given complete and final exemption from military service. The government is doing even worse than that. They pay the western farmer to reduce his production and rudely tell the mort-

gagee who has a right to complain: Evil rich man, you can just wait and pay me your taxes.

Thus the phantom government which presides over the destiny of the country speaks to the people they administer. In fact, Mr. Chairman, it is not Ottawa which governs here, but London and Washington. Yet Canada, an agricultural country, supplies Britain with innumerable quantities of food, just as she exports enormous stocks to the United States. The remainder of agricultural manpower is mobilized for those purposes, while rationing spreads its tentacles over our civilian population and our army. In spite of all the sacrifices made so far by Canada, when the Prime Minister of the country wishes to tell the world that thousands of our countrymen are shedding their blood in Sicily, he must ask permission of London, and London flatly refuses. He secures this signal favour only by kneeling at the feet of Mr. Roosevelt. The government will, nevertheless, keep on sending our youth, our food, our munitions and billion dollar gifts to that mother country which is scandalized by the heroism of our soldiers.

Mr. ABBOTT: Mr. Chairman, I rise to a point of order. What have my hon. friend's remarks about gifts of millions of dollars to Britain, and sacrifices in Sicily, to do with the bill which is before the committee?

The CHAIRMAN: The point of order is well taken. Surely there is enough scope within the orbit of the bill at present before the committee to enable an hon. member to keep away from the questions and problems the hon. member is bringing before the committee at this time.

Mr. LACOMBE (Translation): Mr. Chairman, I believe the hon. parliamentary assistant who raised a point of order did not grasp my remarks at all.

Mr. ABBOTT (Translation): I grasped them very well.

Mr. LACOMBE (Translation): My remarks have a bearing on the bill before us. We are now discussing a moratorium bill concerning agricultural mortgages. Under this bill, I have a perfect right to deal with considerations which other members are allowed to bring up in the house. At any rate, I have just about finished my remarks.

As far as we are concerned, in these supremely humiliating circumstances, we shall have to face scarcity, perhaps even famine which already threatens us, for lack of a sufficient harvest in Canada.

[Mr. Lacombe.]

Mr. ABBOTT: The same objection, Mr. Chairman. This has nothing to do with the bill which is before the committee. Whether or not we are faced with a famine can have no possible relation to the clause we are considering.

The CHAIRMAN (Translation): The hon. member for Laval-Two Mountains, who is an experienced parliamentarian, ought to know that he should confine his remarks to the bill under discussion, and I trust he will abide by the ruling of the committee.

Mr. LACOMBE (Translation): Mr. Chairman, since I am addressing the house in my mother tongue, I would ask the parliamentary assistant to the Minister of Finance to be so kind as to speak French the next time he raises a point of order.

Mr. ABBOTT (Translation): With pleasure, Mr. Chairman. The remarks just made by the hon. member have no connection with the bill which is before the house.

Mr. LACOMBE (Translation): Mr. Chairman, I was discussing a few moments ago the threat of scarcity and famine with which we are faced. I respectfully submit that in discussing the Farmers' Creditors Arrangement Act I have a perfect right to deal with these questions. I believe, moreover, that the parliamentary assistant to the Minister of Finance has not at all grasped the essential points of my remarks. I was saying a while ago that we shall be face to face with famine. Then it will be the valley of humiliation, not only for the leader of the hon. member who has just raised this point of order, but also for all the true Canadians in the population of the country. As for the others—and this is my last word—history shall hold them responsible for having sacrificed our fatherland in adventurous undertakings which already cast ridicule upon our country and undermine its very social and economic foundations.

The CHAIRMAN (Translation): Order. The last words of the hon. member for Laval-Two Mountains certainly have nothing to do with the subject under discussion. It is my duty to see that the rules are enforced. I am convinced that the hon. member himself knows that the remarks he has just made have no connection whatsoever with the bill now before the committee.

Mr. ABBOTT (Translation): He knows it full well.

Mr. CHURCH: Representing a province which is both industrial and agricultural, I wish to say a few words on the inequality of this proposed national policy for debt reconstruction in Canada, growing out of the principle laid down in the Farmers' Creditors Arrangement Act which was passed by parliament in 1934 during the period of depression and drouth. The government of that day adopted a courageous course in an endeavour to help the farmers on the prairies, and in 1938 all the provinces were excluded with the exception of Alberta and Saskatchewan.

I have been a critic of the loan companies, insurance companies and mortgage companies in this country, and when I saw the amendments that were introduced in 1938 in connection with the Farmers' Creditors Arrangement Act, and saw at the same time that war was almost inevitable, I predicted that the provincial debt legislation would be upset on appeal to the privy council. That prediction was fulfilled, as everyone knows.

What I object to with regard to this whole question is this. It would be far better for the government to adopt a truly national policy of debt readjustment to protect the equities not only of the farmers of western Canada but of other classes of the population. A policy of debt reduction and the conservation of equities, as well as the readjustment of differences between mortgagors and mortgagees, would be a truly national policy if it brought within its scope all classes from coast to coast including farmers, fishermen, industrial workers and the white collar workers in the cities and towns, and market gardeners. Ontario seems to be the forgotten province of confederation. It is a large agricultural province, as well as a large industrial centre, but it has been entirely overlooked by the government in the matter of debt readjustment.

The Farmers' Creditors Arrangement Act has been administered in a haphazard manner by the various boards throughout the country, so that there has not been equality in the attempt to relieve the burdens of those who have been suffering from debts. When the war began I had a motion on the order paper in which I proposed a national moratorium in Canada, and I suggest that it would have been far better as a means of protecting the equities of the Canadian people, because the system which we are now considering protects the equities of some and ignores the equities of other classes. I proposed a truly national policy of debt reduction instead of the system we have here, which is one of state socialism for a section of the community and not for others. This is a federal measure, and if we are going to conserve the interests of some people in Canada we should do the same for the whole population, in a real national policy, including those engaged in industrial pursuits. It should apply particularly to the primary producers—lumbermen, fishermen, farmers and those engaged in the industrial life of Canada. The bill before us, however, does not aim at anything so equitable.

It is proposed that certain judges shall take charge of the administration of this bill when it becomes law. This, I suggest, will prove as fatal as the mistakes that were made under the original Farmers' Creditors Arrangement Act. The purpose is to rescind the 1934 act, which now applies only to Alberta and Saskatchewan; the explanation given in the explanatory note is that it is intended to consolidate and re-write the act so as to make it applicable to certain classes of farmers, namely, those on the prairies, and to include Manitoba in the new debt adjustment scheme.

In the past I have also made certain proposals, which I thought would prove of benefit to the Canadian people, with regard to the shark loan companies. I suggested that there should be a national moratorium on all equities and that the rate of interest should be fixed at 5 per cent or less, or in any event that there should be a lower rate than those which were being charged. Just consider the lot of our industrial workers in the cities and towns. What is going to become of these people at the close of the war? They are going to lose their jobs altogether, their equity will be gone, and during the period of conversion from war-time to peace-time standards over a number of years there will be a large number of Canadian workers without employment. We know what happened after the last war. At that time nearly 600,000 people from the farms and from various occupations in the cities and towns of Canada found it necessary to migrate to the United States to look for work. I am afraid the same thing will happen after this war, but the situation will be more serious. The government, therefore, should try in a national scheme to preserve the equities of all our people and not just those of a particular section.

I quite appreciate the condition of the farmers on the prairie. They have had to face long years of drought and depression, and two wars, and they have seen the prices of their products fall to an alarming degree; wheat had gone down from $1.50 to 34 cents or thereabouts, and they have had to pay high prices for the things they have had to buy. I deeply sympathize with them, and so did the Conservative government in 1934 when they brought down the Farmers' Creditors Arrangement Act to meet the condition that

prevailed at that time of depression and drought. That act had been weighed in the balance and found wanting, but I do not think that the new proposed measure will help matters very much.

I have received a number of pamphlets from mortgage and loan companies, and I admit that there is a degree of justice in some of the statements they make. I quote:

> The debt legislation suggested by the governments of the three prairie provinces is so drastic in character that it would completely destroy western farm credit and would mean that for all practical purposes there would be no such thing as a farm mortgage.
>
> There is need for curtailment rather than an extension of farm debt legislation. The Farmers' Creditors Arrangement Act was passed in 1934 as a temporary measure to meet a temporary emergency, but the emergency has passed and the position of western farmers has improved very materially. Cash income of Manitoba and Alberta farmers is greater than in the prosperous 1926-1929 period.
>
> The farm debt situation is greatly exaggerated in some quarters in western Canada. Half of the farms have no mortgage debt and only a small percentage are burdened with debt. Deserving borrowers already have ample protection from harsh creditors and there is no danger of a flood of foreclosures.
>
> The real owners of farm mortgages held by a savings institution such as a life insurance company are the policyholders. There are far more policyholders than there are borrowers on a mortgage and this is true not only for the country as a whole but for western Canada itself. Unnecessary losses brought about by debt legislation come out of the pockets of policyholders.

Let us not forget that some of the mortgages are held by private persons, widows and others. I have no objection to the principle of the bill, but, I repeat, there are other people in Canada who need similar assistance. Our industrial workers will suffer when this war is over, if not before. But the owners of real estate are also faced with a problem and there is no similar protection for them. Nearly everyone in this house has real estate of some description. In our cities and towns to-day no one wants to own real estate because there is no protection for the owner. The minister comes along and appoints a rent controller and makes it impossible by the regulations he passes for any man to administer his property as he should from the commercial aspect. He cannot get any real revenue from it because he is hemmed in by controllers and subcontrollers. Why is his equity also not included in this bill? Some of the mortgagees in the cities and towns are charging 6½ per cent and we know that for years the shark loan companies have been charging two per cent per month and sometimes three per cent. They have also asked for chattel mortgages and bills of sale as collateral, and have been in effect a lot of tax collectors. What chance has the industrial worker, the urban or suburban worker, and the market and truck gardener?

This pamphlet, "The Prairie Farmer and His Debts", says at page 9, that the borrowers need a sound mortgage law. If I had my way I would have a sound mortgage law under which the rate of interest would be four and a half or five per cent, with a national moratorium for everyone for the war period, if necessary, because everybody wants to pay his debts. But some of these mortgage companies are charging six and a half per cent, and that should be impossible to-day. Speaking of the legislation which has been proposed to the dominion government for the adjustment of farm debts in the prairie provinces and its defects and dangers, this pamphlet says:

> If enacted, it would destroy western farm credit. It would also have very far reaching effects on existing farm mortgages in western Canada. For all practical purposes it would mean that there is no such thing as a farm mortgage. Present and future mortgages and agreements for sale would be nothing more than a promise to pay—

They mean it will become a scrap of paper, no doubt.

> —the amount and conditions of payment to be determined by a non-judicial tribunal from whose arbitrary decision there will presumably be no appeal as is the case under the Farmers' Creditors Arrangement Act.
>
> The effect of the legislation would be to make all contracts with western farmers one-sided. A mortgage or other written contract would have little meaning. There would be little point in making a loan to a farmer by way of a mortgage or in selling a farm under an agreement for sale. The creditor or vendor would be bound, but the debtor or purchaser would not. No matter what contract was executed by the debtor, the creditor would have no security though he will have parted with his money or property. Such legislation would make mortgages a nullity and would in fact abolish mortgages by removing every vestige of the legal rights which have always characterized them.
>
> Western farmers themselves would suffer from such legislation. Farmers desiring to retire would hesitate to sell their farms, except for all cash or with very substantial cash down payments. The risk of doing so would be too great for the amount and terms of payment would be uncertain. Would-be purchasers, except those with substantial capital, would be unable to buy farms. This, in fact, is very much the situation which prevails to-day though existing debt legislation does not apply to new contracts. The reason for this is the fear that the legislation may be changed to apply to new as well as old contracts. It is now apparent that this fear is justified, the proof being the legislation which has been proposed to the dominion government. This proposed legislation would place restrictions on the rights of creditors under all contracts whether existing or future.

I say in all fairness to the workers of this country that there should be equality of treatment between the urban and suburban workers and the workers on the farm, instead of letting one man's equity be wiped out while the other man's equity has the protection of a statute. That is not a fair proposition. There should be equality of treatment. That was one of the weaknesses of the act of 1934, and I raised this very question when our own government was in power. I said that it was most unfair and unequitable to the industrial workers in our cities and towns that they should not be given the same equality of treatment as was afforded to the farming population—and in 1935 fishermen were added—under the Farmers' Creditors Arrangement Act. But the industrial workers are given no such relief.

Mr. WOOD: This legislation does not apply particularly to Ontario, because we freed ourselves from it back in 1938, and I am sure it is a good thing for agriculture that we did; for I consider this bad legislation. After all, Canada is a young country and we would do well to look very carefully at this type of legislation which more or less legalizes dishonesty. We are trying in this young nation to develop a character for honesty and traditions of good citizenship to hand down to posterity, and I sometimes wonder what they will think of legislation of this type which does not honour contracts. I make my appeal not only from the point of view not only of the good of the nation but also of the good of the honest-to-goodness farmer who many find himself deprived of credit because of the record established by those who have taken advantage of the Farmers' Creditors Arrangement Act. No doubt some good has been accomplished by the act, but we have paid very dearly for it. When someone has been kind enough to lend his substance, an honest effort should be made to repay the loan, and I do not see why a loan should not be repaid to a mortgage company just as much as to an individual. Unfortunately one can hardly speak of financial institutions if one comes from Ontario without being branded as a defender of the big interests. Let me say that I have no interest whatsoever in any loan company. I am thinking only of the welfare of the honest-to-goodness farmer who may need some credit in the post-war period, and from his point of view I say that this legislation in the main has been bad legislation.

The Minister of Finance is to be congratulated upon having removed from the act some of the vices which brought discredit on agriculture. I yield to no man in my desire to serve the agricultural industry. But we must take a long term view of it. We as farmers cannot be continually branded as people who refuse to assume our obligations if we expect to retain our dignity and self-respect. I say that this legislation was a great handicap to the prosperity of agriculture in Ontario.

I listened with interest to the hon. member for Macleod. He felt there should be some way of tackling this debt problem. I say frankly that the only way of tackling the debt problem is by sacrifice, thrift and honesty, and restoring the loans to those who have been kind enough to lend of their substance. There may be those who through unfortunate circumstances get into a position where they cannot pay, but it must be remembered that the loans which have been made to agriculture created assets in those farms if the money was wisely spent, and those farms should in consequence have increased in value.

I listened with interest to the hon. member for North Battleford. She mentioned the case of a man who had homesteaded on a farm and had raised fourteen children and afterwards became insolvent and could not retain his home. But, after all, that person had the use of that land, and is there any hon. member who would not exchange one hundred acres of land for fourteen children? I think he did get some value after all, because while he was on that farm he raised fourteen children. We must look at both sides of the question if we are to be fair.

I read the remarks which the hon. member for Yorkton made on this bill. He said that debt is the natural result of the capitalist system, and that under this system the reward of capital always comes first, and the reward to labour has to take care of itself. Well, Mr. Speaker, what is capital? As I see it, the difficulty in many of these controversial questions is that it depends on whose ox is being gored. After all, capital is nothing but stored up labour; and if the nation is to be served by capital it is necessary to put that labour to work, whether it is in the form of money or in any other form. After all, it is necessary for this country to be developed, and it is necessary that this stored up labour be used. The unfortunate thing is that as long as this world is peopled by human beings there will be envy and jealousy. The man who made sacrifices, who in his early days went without things; the man whose father or grandfather pioneered with the idea of making the world a better place in which his descendants might live, now is looked upon with envious eyes by those who think he is travelling rather an easy road,

when the very people who criticize him very often are the ones who would refuse to make sacrifices themselves in order to store up some of this labour, to put themselves in the position of a creditor instead of that of a debtor. This may be hard language to use to hon. gentlemen across the way, and I should be rather reluctant to make these statements but for the fact that on almost every measure that comes up in this house we have to listen to pious, hypocritical expressions in regard to honesty and dishonesty; and then it turns out that they want some back-door method by means of which dishonesty may serve their purposes, when they have not enough stamina to make the sacrifices that have been made by others. These things may serve their own purposes, but they do great harm to the industry of agriculture.

I am satisfied that the farmer himself can usually handle his own problems. I do not understand why in the western provinces so many of these loans have come into the hands of the large corporations. Surely there are individuals who have saved money. Why do they not lend to their neighbours as we have done in Ontario? By virtue of their sacrifices the pioneers in this country accumulated funds which they were able to lend to their neighbours, and the honesty and integrity of those neighbours had a great deal to do with maintaining the credit of our people. If that honesty and integrity are destroyed, then your credit is destroyed also.

The remarks of the hon. member for Calgary West were refreshing and, I think, timely. He said some things that needed to be said. I am not so far removed from the pioneer stock. I happen to be the grandson of an old pioneer who left a comfortable home in the old country to settle in Canada. If he had been looking out for his own interests I would not be enjoying the privileges that are mine to-day. Perhaps I am reaping the benefit of that stored up labour and energy which my grandfather was prepared to sacrifice in order to accumulate, but I think that point ought to be emphasized. I will admit that I was born in the horse and buggy days, but I have seen some of the virtues of those pioneers. Let me tell my hon. friends across the way that those who have achieved success have not done so by taking advantage of some of these legalized back-door methods of practising dishonesty.

Mr. CASTLEDEN: Is that the way you describe this legislation?

Mr. WOOD: That is how I describe anything that legalizes dishonesty. It must be remembered that this measure originally was passed in 1934, and it is not possible to correct all the errors and irregularities of society at once. I am glad the minister has taken steps to insert some provisions in the bill which will ensure a certain amount of fair play on both sides, so that the credit of the farmers may be established and the dishonest farmer may not take advantage of this measure. I do not want to be understood as saying there is any more dishonesty among farmers than among any other class; as the hon. member for Calgary West has said, farmers are as honest as any other group, but after all they are only human. I know there is the odd farmer who will put his small apples in the bottom of the basket. I have known farmers who would paint up the crack in a horse's hoof when taking it to market, or who would put a little oil on a spavined horse. There is no doubt farmers are just as astute in their own business as any other class, but in the main I think they will compare favourably with any other group of men in the country. I live in one of the smallest townships in Ontario, in which there are two hundred farmers; and in spite of all the difficulties they have had to face, in the last year they subscribed $125,000 to the victory loans. They know their business. When they want a harness they tell the harness maker just what they want, and see that they get it. He does not sell them just whatever he has hanging on the peg; they get the kind they want or they do not do business with him. That is the sort of people I represent, people who pay their debts. I am aware of only one case among those two hundred farmers in which the Farmers' Creditors Arrangement Act was taken advantage of, when it was in existence in Ontario.

I should like to comment for a moment on some of the homely virtues which I think we should endeavour to restore. In the early pioneer days individualism predominated, with the majesty of hard work and the glory of accomplishment.

Mr. DOUGLAS (Weyburn): What has that to do with this section?

Mr. WOOD: I could not hear what the hon. member said.

Mr. DOUGLAS (Weyburn): I was merely asking what that had to do with this section. A short time ago, when one hon. member down in this corner was speaking, unfortunately in a language which I could not follow, the parliamentary assistant complained that he was not keeping within the ambit of this section.

Mr. ABBOTT: Not within the ambit of this section; he was not keeping within the ambit of the bill. What that hon. gentleman

was saying had no relation at all to the bill. I was not criticizing his language because it did not apply to the section.

Mr. DOUGLAS (Weyburn): I do not think what the hon. member for Brant is saying has any relation to the bill, either.

Mr. ABBOTT: It is about as relevant as some of the speeches we have heard from across the way.

Mr. WOOD: If that remark had been made by anyone but the hon. member for Weyburn I would take it in a kindly way, but I do not think there is any hon. member of this house who has taken up more time in discussing the matters that have come up in this chamber. Personally I try not to speak unless I have something to contribute. The hon. member speaks on everything. I do not know how one man can have such a general knowledge. I would rather know one or two things well than attempt to express my opinions on a great many things and make the job of it that the hon. member does.

In regard to the payment of debts, I believe that the majesty of hard work and the glory of accomplishment still applies to this type of legislation. Sometimes I think we are wandering a long way away from that. I believe that if by accident some hon. members who have spoken were placed in a position to form a government it would be a most unfortunate thing for those people who still believe in honesty, integrity and in paying their debts.

I have other observations I should like to make in this connection, but I shall be content with making an appeal, not for that 10 per cent who go into bankruptcy through this legalized method of getting out of assuming their obligations, but for the remaining 90 per cent of the people. I have in mind the post-war period when farms will be for sale and when, if hon. members have their way, credit will have been scared away from agriculture.

I am happy to know that the minister has afforded this opportunity to the three prairie provinces to get out from under their difficulties. It would be to their advantage to accept it. I believe it was only a week or so ago I placed on record the figures supplied by the farm loan board showing payments from 1938 to 1943. Perhaps it is because we have not had the Farmers' Creditors Arrangement Act functioning in Ontario, but the fact remains that we have made the greatest contribution toward the payment of loans in Canada. For every dollar paid in 1938, $1.73 is being paid in 1943, and not only that, but about two and a half times as many payments are being made.

As I pointed out the other day, Alberta is not doing nearly so well. Where they paid $1 in 1938, they are paying only 84 cents to-day. One point came to my mind when the hon. member for Macleod was extolling to the house the virtues of the Social Credit government in Alberta. Perhaps it may be indiscreet of me to refer to the late premier of that province, but I read with interest his will, and I found that of an estate of around $33,000 only $1,500 was invested in his own repudiated bonds. It did not look very consistent, to my mind. Probably that has no bearing on this matter, but I thought it well the country should know that apparently he did not have even his own money invested in his government, of which he was premier.

Mr. CASTLEDEN: What has that got to do with it?

Mr. WOOD: I admit it has nothing to do with it, but it is a fact that the people of Canada might like to ponder, especially with these new schools of political thought being placed before the public. They might come to some understanding as to what the future would have in store for them, if these new political ideas were adopted.

The CHAIRMAN: A few minutes ago a point of order was raised, one upon which I did not have to render a decision. However I would point out to the committee that yesterday the second reading of the bill was moved, at which time there was a fairly general discussion. When we are debating the second reading of a bill a general discussion is allowed. Then in committee we called section 1, short title. Again there has been a general discussion, which lasted well over a day. I would express my personal opinion, one which is founded upon an experience of some years in the house, that the discussion on this section should be more to the point, and on the bill itself. In making this observation, of course, I do not cast any reflection on hon. members who have spoken or who will speak. I am not rendering a decision; I merely express an opinion. I know hon. members will accept it as such, for what it is worth. I have before me a long list of speakers, and I believe the hon. member for Wetaskiwin is next.

Mr. JAQUES: I shall require only a very few minutes to say what I have to say. My experience, both as a rancher and as a farmer in western Canada, goes back over forty years. As I represent farmers and small business men, I thought I should like to say a few words on this debt bill.

I have not heard all that has been said in the debate, but one peculiar feature which has occurred to me—possibly I am wrong—is that this government bill is receiving rather less support from the government side than from the opposition side of the house. Some hon. members seem to doubt the necessity, the wisdom or even the rightness of government protection of debtors at this time. I do not know what prompted the Minister of Finance to take this action, but possibly it is the view that a healthy agriculture transcends the mere relationship between debtor and creditor, and that the very existence and future of the state depend upon a healthy and thriving agriculture.

I do not know whether this further thought has occurred to him, but it has occurred to me—and I am not blaming this government more than others—that parliament, all parliaments, are at least partly responsible for the state of affairs with which agriculture finds itself faced to-day. My mind goes back, not 1,900 years, as someone suggested the other day, but at least to the years immediately following the last war, when things were very prosperous, and the agriculturists felt justified in expanding their operations and in borrowing money for that purpose. Then, when they got things going nicely, suddenly the bottom fell out of everything. Prices went down to nothing. I have occasion to remember that, because in the winter of 1919-20, the longest on record in Alberta, either before then or since, I brought a bunch of cattle through without loss. I was quite proud of that achievement and looked forward to a worthwhile reward. But when I went to market I found that cattle which had been worth in the neighbourhood of eight cents a pound were being offered at one cent a pound. For no apparent reason—I certainly did not know the reason then—the price of cattle, and in fact all other agricultural prices, had utterly collapsed.

Mr. EVANS: When did the hon. member sell them?

Mr. JAQUES: In the fall of 1921. I remember being in the stockyards of a small local town in which 700 head of cattle had been delivered for sale that afternoon. One cent a pound was the best price at that time.

Again in the early thirties prices were very low. I can well remember the winter of 1930-31 when eggs sold at three cents a dozen delivered. A dozen eggs would buy one bootlace. As someone said this morning, cattle did not pay for the cost of the freight, and wheat fell to twenty cents a bushel. At that time I did not have a very clear idea of the basic reasons for this collapse. I regarded it, as now do so many hon. members of this house, as something inevitable, something in the nature of an act of God, like the weather, like a hailstorm or frost. But I have since spent the greater part of my time studying the reasons for these extraordinary differences in price levels. I know now that they are not due to natural causes, that they are artificial. In my opinion they have been deliberately brought about. I am not blaming this government any more than any other, but I do submit in all seriousness that governments and parliaments have allowed money control to get into the hands of men who are responsible to nobody but themselves, and they have manipulated it to their own great advantage. Let me read one quotation as follows:

> The volume of credit in this country—
>
> In Great Britain.
>
> —is to a very large extent in my hands, and is related to the enterprise of the country and therefore to the encouragement or discouragement of enterprise.

And again:

> Yes, I reduced credit and the purchasing of the public by 63 million pounds in the last twelve months for the reason I believe to have been sound. I am not prepared to make any suggestions how the bank could check the increase of unemployment. The bank was not unduly worried in 1925 by the possibility that the return to the pre-war gold standard would unduly interfere with British industry.

If anyone feels inclined to dispute the authority of that statement, let me say that it was made by Mr. Montagu Norman, the governor of the Bank of England, in his evidence before the Macmillan committee which I believe sat in 1930. But there is another authority, perhaps an even greater one. I quote from British *Hansard* of the House of Commons of April, 1932, as follows:

> The price of gold has risen since then by more than 70 per cent. That is as if a 12-inch foot rule had suddenly been stretched to 19 or 20 inches; as if the pound avoirdupois had suddenly become 23 to 24 ounces instead of—how much is it?—16. Look at what this has meant to everybody who has been compelled to execute their contracts upon this irrationally enhanced scale. Look at the gross unfairness of such a distortion to all producers of new wealth, and to all that labour and science and enterprise can give us. Look at the enormously increased volume of commodities which have to be created in order to pay off the same mortgage debt or loan. Minor fluctuations might well be ignored, but I say quite seriously that this monetary convulsion has now reached a pitch where I am persuaded that the producers of new wealth will not tolerate indefinitely so hideous an oppression.

Does anyone care to question the authority or the validity of that statement? Nobody does. Those are the words of Right Hon.

Winston Churchill when he was speaking in the House of Commons as a private member in 1932. I do not know anything about agriculture in eastern Canada because I have never lived here except as a member of this house, but I do know something about farming generally in western Canada, and particularly in Alberta. I realize that this state of affairs has created a hardship not only for the debtor but also for the creditor. As the hon. member for Calgary West said, it has led to a loss of confidence as between the borrower and lender. But I do not think any good purpose is served by the creditors accusing the debtor farmers of dishonesty, incompetence or laziness. From a lifetime experience I am positive that the dishonest, incompetent and lazy farmers constitute a tiny minority. I think harm can be done by criticizing too strongly the creditors. Both sides have been victimized by a state of affairs which has no business to exist, and never would have existed if the government and parliament had exercised the right which has been vested in them.

This problem goes beyond the mere state of health of our farming industry; it affects the foundations of parliament, yes, of democracy itself. Nothing is more certain that unless parliament can bring about conditions satisfactory to the majority of the people, it will be only a question of time before the people will lose confidence in parliament. A great many people to-day have not the confidence in it they should have. Therefore I should like to impress upon hon. members as well as upon the government the absolute necessity of looking at the problem beyond the point of view of the debtor and the creditor. You can bring in temporary measures of relief for the assistance of both the creditor and the debtor, but that is not a cure; it is just a drug. I agree with the hon. member for Calgary West when he speaks of the confidence which must be restored. The confidence of the borrower must be restored if the people are to undertake to produce the wealth of this country, or the food, if you like. If they are to mortgage their future for this purpose, they must be assured of this, that if they borrow a dollar when wheat is a dollar a bushel they can repay the loan with the proceeds of one bushel of wheat, not of three or four, as the case has been in the past. Until that is done I see no remedy for the plight of the farmer. It can be done, and I say that if parliament is to endure—yes, if democracy is to endure, it must be done.

Mr. ROSS (Calgary East): I had not intended to take part in this debate until I heard the speeches of the hon. members for Calgary West, Broadview and Brant. In view of the sentiments voiced by these hon. gentlemen, I feel that I must take issue with the views they have expressed.

First, however, may I compliment the minister upon the excellence of the bill which he has presented to the house. He has had a difficult task and he has done it well.

We have in the west many of the best farmers to be found anywhere. They come from all parts of Canada, from many sections of the United States, and from various countries of Europe. They left comfortable homes to pioneer and build up new homes in the west. Persons who will do that kind of thing make the best farmers and the best citizens. When they came to the prairie provinces they brought with them modern and up-to-date ideas; they discarded such methods as experience proved obsolete or undesirable, pooled their best ideas and put them into practice. I repeat that some of the best farmers to be found anywhere are in the prairie provinces.

Many of the best farmers on the prairies are most in need of the Farmers' Creditors Arrangement Act. During the last war western farmers were urged to increase their holdings and produce more in the war effort. The good, the efficient, the patriotic farmers responded to that appeal, increased their holdings and went into production on a very large scale. For this purpose they were compelled to borrow money.

During the last war there was a great deal of inflation. These farmers extended their holdings and bought stock and property of one kind and another at the height of the inflation period. When the war ended and the crash came they suffered heavy losses. I remember very well in the fall of the year farmers buying, some ten, some a hundred, some several hundred head of cattle to put in feed lots and feed during the winter. They bought them at $75 to $100 a head for feeders, fed them grain during the winter, and were very lucky to sell them at $25 and $30 a head in the spring. It is that kind of thing which has wrecked the fortunes of many farmers in the prairie provinces.

Mr. DOUGLAS (Weyburn): That is what destroyed their confidence.

Mr. ROSS (Calgary East): That destroyed the confidence of many western farmers.

Again, during the depression, prices of farm products were very low for a number of years. The price of wheat fell to twenty cents a bushel, barley to ten cents a bushel, 3 C.W. oats to eight cents a bushel. But the farmers stayed with it; they hoped that the following year they would be able to do better than

they had done in the preceding year. The best farmers continued to do intensive work on their farms, in the hope of getting better returns in the future. So, that, again, it was the best farmers who suffered, those who did the hardest work and put the most in the soil, because they got very little returns. This was due not to low prices alone, but to drouth, grasshoppers and pests of various kinds.

Mr. FAIR: Including the mortgage companies.

Mr. ROSS (Calgary East): These were causes which made the farmer lose out and lose heart.

As I have said, there are no better farmers in the world than we have in Alberta, but in many cases it is the best of our farmers who were driven to the wall by this state of affairs. It is many of the best of these farmers who should have an opportunity of benefiting by the Farmers' Creditors Arrangement Act. There is a Canadian Bankruptcy Act which is quite suitable for manufacturers and business men in all lines of industry other than farming. It is not suitable for the farmer, and I wish to point out why. The manufacturer or the general business man has his home and his place of business. If he becomes involved and his business is mortgaged he may lose it, but his home generally remains untouched; it is preserved under the exemption provisions of the Bankruptcy Act.

Mr. ABBOTT: Not in Quebec.

Mr. ROSS (Calgary East): Under the general bankruptcy law his exemptions are protected.

Mr. ABBOTT: That may be so in Alberta, but in Quebec his home is not exempt.

Mr. ROSS (Calgary East): The hon. member should look up the act.

Mr. ABBOTT: No; I have had a lot of bankruptcy experience.

Mr. ROSS (Calgary East): When hard times come, when a depression hits the business man, he can close down his plant or a part of it. While the plant is closed down, it is not eating oats or otherwise costing him a great deal of money to maintain as a going concern. It is different with farming. His home and his outbuildings constitute a large part of his plant, and when he goes into bankruptcy under the Bankruptcy Act his home goes as well, for the reason that it is mortgaged and he cannot get the benefit of the exemptions under the Bankruptcy Act. In 1934 the Right Hon. R. B. Bennett introduced this legislation into this house and he deserved a great deal of credit for that. It was a splendid idea. The object was to keep deserving farmers on the land and it extends only to deserving farmers, because no farmer can get a compromise unless he deserves it. It has worked splendidly in keeping such farmers on the land and I submit that the act should be continued. Many farmers who are discouraged by the burden of debt, if they can get relief as regards a certain portion of that debt, will be able to carry on, because it will give them a great deal of encouragement and make for better morale among the farming community.

As I said before, the minister has introduced an excellent bill. The act introduced by Mr. Bennett has been tried out and its weaknesses have become apparent. They have been strengthened and the present bill is highly desirable, improving the old act to a considerable extent.

Mr. DOUGLAS (Weyburn): Before we go through the sections one by one I think the minister ought to make a more elaborate statement than he did yesterday. In moving the second reading of the bill he gave a terse statement outlining the terms of it, but most of us expected that before the debate was concluded he would make a more general statement. I think it would help if, before we begin to go over the bill, he would make such a statement as I suggest.

Yesterday I called attention to the fact that a draft bill was presented to the government by the western debt conference. That document was contained in sessional paper 335A. Those submissions are signed by Mr. Lucien Maynard, Attorney General of Alberta, Mr. J. W. Estey, Attorney General of Saskatchewan, and Mr. Garson, Premier of Manitoba. When some hon. members, particularly the hon. member for Brant and the hon. member for Calgary West, wish to give the impression that members in this corner are trying to legalize the dishonesty by asking for legislation that will allow some people to get out of paying their just debts, I would point out that the proposed debt legislation submitted to the government on March 15 was drawn up by responsible individuals, and two of the men who signed the submissions are prominent leaders of the Liberal party. Those submissions, therefore, ought to have been given and, I suppose, were given, some serious consideration; but no statement has been made by the minister or by any other member of the government as to why the submissions were not acceptable to the government.

As I pointed out yesterday, there are five serious omissions: (1) The transfer from the

board or tribunal to the court; (2) failure to include any clause guaranteeing the farmers' equity and making provision for the maintenance of himself and his family; (3) the insertion of a crop-failure clause in the legislation; (4) provision that there might be a revision of the board's decision from time to time; and (5) that a farmer might come within the purview of this legislation irrespective of when his debts were incurred. None of these important principles are involved in the legislation. There is involved in it something that seems to be a direct concession to the representations of the creditor class, namely, the right of appeal to the appeal courts of the three provinces.

On its face, the bill looks like an affront to the debt conference, to the three prairie provinces who participated in it and to the farmers' organizations that were represented. I would hardly think that the minister, speaking in this case for the government, would merely wave these proposals aside without giving this committee some reason why it was impossible for the government to accept them and incorporate them in this bill. I feel that the reason why these proposals are not in the bill is that the pressure from other groups was too strong. If the minister has some good reasons why these proposals were not incorporated in this legislation, he ought to give those reasons to the committee in fairness to himself, to the committee and above all to those of that debt conference who took so much trouble to formulate the proposals and to place them before the government. The minister would help the discussion if he would tell us why those proposals were not included in the legislation now before the committee.

Mr. ILSLEY: I think the request is a reasonable one. Three governments did join in the presentation to the government and represented that a new type of legislation should be enacted by this parliament; I mean new in the sense that it had never been enacted in any province of the dominion, or in the Dominion of Canada or, so far as I can find, in any other country in the world. The main new feature was this, that instead of recognizing the emergency aspect of the debt situation in western Canada and framing legislation with a view to meeting that temporary emergency, it was proposed for the first time that the boards to be set up, which would continue to function through the years, should deal with debts whether incurred in the past or to be incurred in the future, and that these boards would have the power to write down debts without obliging the debtor to divest himself of his assets. That is a right which no other person in the Dominion of Canada has. It is a right which the farmers of eastern Canada do not want. It is a right which business in eastern Canada would not ask for. And as to its being an affront to the western governments and the western debt conference, my only answer is this, that this government must take its responsibility and this parliament must take its responsibility for enacting legislation of a type which they can defend and for what they can answer to the electors.

Bear in mind that the main feature, the startling feature, of the proposal which came from the debt conference in western Canada was this, that instead of proceeding on the principle which underlay the debt adjustment acts of all the provinces, which had a date limit in them, a date limit which was moved, I believe, in three acts, perhaps under pressure—I do not know—instead of having a date limit and regarding this extraordinary legislation as being emergency legislation to meet a temporary situation, the western governments for the first time requested this government to do something which none of them had ever done, and that was to set up open-ended legislation which would allow debt adjustment boards to sit for all time to come and whittle down and reduce the debts through the years and decades and centuries regardless of whether there was any emergency or not.

When that proposal was presented to me I took a very serious view of it, and I can assure hon. gentlemen that I did not communicate with the mortgage companies or with any lending institution. I simply searched in my own mind for some principles by which to test it.

Mr. DOUGLAS (Weyburn): Did they communicate with the minister?

Mr. ILSLEY: Not then. Later they did. I gave them an opportunity to make representations, and I told the representatives of western Canada that I was going to give them an opportunity of making representations.

I searched in my own mind for some principles to go on. I think the fundamental difference between the two types of legislation that are contended for in this house, the fundamental difference of view is this: Is farm credit worth preserving or not? There are some people who think it is not. I have had persons who in talking to me said it was not, that it did not make much difference whether the farmer could borrow money from private lenders in the future, that credit had been bad for him in the past, and that he does not need credit, should not have credit, but should be obliged to pay cash for the land and other things he wants to buy. But no one in this debate—and I have heard a wide variety of opinions

expressed and all schools of thought here—not even the wildest-eyed speaker, has gone to the length of saying that the farmer should be deprived of his credit standing. But I am satisfied that if we were to set up boards and let it be known that we were setting up boards which would have the power of reducing debts at their own discretion, regardless of the security taken, regardless of the ability of the debtor to pay—if we were to do that, people would not lend farmers money at all. Why should they? I have had some arguments about that. I have said: Well, perhaps they would size the farmer up and say that man is a good fellow, an honest man who will pay if he can on account of his moral qualities. If he has high moral qualities, some people would take a chance on him. Some individuals might lend him money, but certainly no trust funds would be lent under a law like that.

Mr. DOUGLAS (Weyburn): Was not one of the principles in the draft bill that the farmer's ability to pay should be taken into consideration in making adjustments?

Mr. ILSLEY: Yes, certainly, it should be taken into consideration, but bear in mind what the lender is lending on—not on the security of property, as in the past. In the past he has been assured that if the value were there the value would be pledged to the extent of his security. But he is lending, not upon property, but upon the discretion of a board, upon what the board thinks about it. He naturally does not know what kind of members will be appointed to the boards through the years. Perhaps you could get a high calibre of board; perhaps you could not. There is a tremendous difference in the judgment of the members of these boards, and the result is that he would not have any solidity to his security.

If hon. gentlemen think, and they may, that is not a worth-while objective to strive for, to preserve a system under which there will be some credit extended on the security of land; if they do not think that is worth while, I do not know that I have a great deal of fault to find with their position. Perhaps they would set up some system whereby the state would lend money. I am sure that if that system were set up many bad loans would be made under the pressure of agitators. Nevertheless they may think that is a better system. But I frankly say—it may be background or the way I was brought up or something like that—I believe that people should pay their debts if they can. I believe that when they sign a note or sign a mortgage the security they give should be applied to the satisfaction of the first charge on the property. That is what I think should be done.

Mr. DOUGLAS (Weyburn): Does the minister think that Mr. Estey and Mr. Garson do not believe that credit should be maintained and that people should pay their debts?

Mr. ILSLEY: I disagree with Mr. Estey and Mr. Garson and Mr. Maynard on that feature of their presentation. I agree with them on some things, but I disagree with them on that, and I venture to say that the great majority of the members of this house, if we were to have 245 members of this house here, would agree with me instead of with the representations that were made in that regard.

Mr. QUELCH: May I ask a question?

Mr. ILSLEY: I have been asked to make a statement and I want to make it.

Mr. QUELCH: Only one question.

Mr. ILSLEY: You have no idea how many questions I have been wanting to ask and refrained from asking.

There are two possible principles of any legislation that could be introduced into this house. One principle is this, that you should set up a board that would do a thing which has not been done by anybody else, which was never done by any province, which was never done by the dominion, and never done, I believe, by any other country, and that this continuing court, for that is what it would be, would place the security of creditors at the mercy of boards so that a creditor would never know whether you could apply his full security to the satisfaction of his debt or not, but would have to rely on the discretion of the board as to whether his full security could be applied for the satisfaction of his debt—and that to go on throughout the years continuously. The other principle is this, whether you should confine the character of this legislation to what it was in the beginning, emergency legislation.

We stuck to the original principle of this bill. It is based on the theory that in the twenties, probably in the teens before, when there was a great demand for land in western Canada, and when very high prices were paid for land in western Canada, higher prices than the farmers could pay as subsequent developments showed, these mortgages were put on and these agreements for sale were outstanding. Then, when the thirties came along it was discovered that the farmers simply could not get out of debt, so that something had to be done.

Under the old legislation only the debts that existed before May 1, 1935, could be adjusted; no debts incurred after that date could be dealt with by the board, except by consent. That was very unsatisfactory. It meant that a farmer would go before a board of review and that part of his debts could be adjusted, while part could not. We changed that and said that if two-thirds of his debts were incurred before May 1, 1935, then all his debts could be adjusted up to date, whenever they were incurred.

That is one thing we have done. We might have left it there, but we realized that there was a great deal of inconsistency in the treatment individual farmers received at the hands of these boards of review in the years 1935, 1936 and 1937. I think those were the years when there was the greatest difference in the treatment, as compared with subsequent years. Up to about the end of 1937 they did not get very many concessions from the boards of review, but were debarred from making a second application. As a result, some of those people are still weighed down with those old debts, so that by this legislation we have allowed them to come in again and make a second proposal. That applies to those whose compositions were made not later than the end of 1938. We gave a great deal of consideration to the date we should fix, and we thought December 31, 1938, was late enough. We had considered for a while making it the middle of 1937, but we thought we would err on the other side and bring it down to the end of 1938. Mind you, the creditor cannot reopen the matter, but the debtor can. When I hear hon. gentlemen talking about this legislation having the mark of a surrender to the mortgage companies, I can point out feature after feature of this legislation certainly not in the interests of the mortgage companies, narrowly considered. I wish to say that the mortgage companies are not suited with this legislation. They never saw it before last Saturday, and their reaction to it has been anything but favourable. However, I think the legislation is reasonably just, if we accept the principle that this is emergency legislation and not continuing legislation to meet both past and future debts. I do not see how we could justify that; I do not think it would pass this house and, if it did pass this house, there are other places I do not think it would pass.

Let me mention some of the features that are unfavourable to the companies. It must be great political stuff in western Canada to talk about these companies; I never realized that it was such good political material until yesterday. Here is the hon. member for Acadia, for whom I have a great deal of respect and who argues in a fairly consecutive sort of way in this house, particularly on financial matters. Yesterday he could not help calling the mortgage companies bloodsuckers. Well, Mr. Chairman, what is this forum? Is it a place for the discussion of principles, or is it a place for making political speeches? I do not have any brief for the mortgage companies, certainly, but I do not believe in the abuse of any class of Canadian citizens or Canadian institutions. I want to say this, and it was brought out by the hon. member for Calgary West. It must be remembered that the insurance companies, which are the heavy lenders on these mortgages, are the trustees of the savings of the people. There are millions of small policyholders in this country, and the money these insurance companies are putting out is the money of these policyholders. That is all brushed aside, however, as though the policyholders were in the bloodsucker class too; as though they were not worthy of consideration, and as though the ordinary principles of British justice should not apply to those people because they are not western farmers. I must express my dissent from that sort of approach to the discussion of these questions. We must try to work out something here which will be fair and just, which will recognize that all classes of individuals and institutions in this country have certain elementary rights based on what we call British justice.

Let me point out some of the features of this legislation. Had we been trying to please the mortgage companies, certainly we would not have provided for the reopening of those cases which were adjudicated between 1935 and the end of 1938, and certainly we would not have provided that the farmer could reopen them while the company could not. We would not have inserted the section about appeals, to provide that the companies cannot possibly recover any costs on appeal, except where the debtor brought a clearly unreasonable appeal. We were very careful in drafting the section on appeals to make it as far as possible a section which would not favour the wealthy litigant, or the litigant who had funds with which to carry on his appeal.

This legislation must be taken in conjunction with the order in council which, as the hon. member for Swift Current pointed out, is an integral, essential and most important feature of the debt legislation of this parliament, passed under the War Measures Act. That order in council, which we intend to continue

for the duration of the war, carries out the essential provisions of the Saskatchewan debt adjustment legislation, which in proper cases enables debtors to secure postponement of foreclosure proceedings which would put them off the land. That must be taken in conjunction with this legislation. We have transferred this matter to the courts. I have not very much to say about that. I agree with what the hon. member for Peace River said yesterday about the courts as compared with the boards of review. I do not know that I would put it just on the grounds he did, that the courts will work for the debtor to a greater extent than the boards did, but I think the courts are a better forum than the board. We have had these boards now since 1935. I have been the minister responsible for their operation and I never knew what control I had or did not have over the boards. They were judicial, but not wholly so. They were administrative boards, and it seemed to be assumed by a great many persons in the country that if they got what they considered a raw deal at the hands of these boards, they could appeal to the minister, who could step in and change it just as he would be able to overrule an administrative official. I never knew whether I could or could not do that. These boards were headed by supreme court judges of the provinces, and there was always pressure of this kind and the other to appoint a man of this type or of that type to the board, so that he might give this type of decision or that type of decision. Of course the government has to take that responsibility, but it is disagreeable to have to make choices of that kind all the time, between this suggested appointee and the other. Now there is no doubt that the operation of this measure is not in any way under the control of the minister. It is within the courts; it is a wholly judicial procedure. We have tried in this measure to lay down principles for the guidance of the courts, as far as that could be done; but, once we have done that; once we have made the best possible selection of appellate judges, the legislation will have to take its course, and I think that is a very much more satisfactory way to have it.

I do not believe there should be the power for debtors to get adjustment after adjustment. There must be some finality in this matter. That is a different subject from the one I mentioned before, the power to come in with future debts. But it seems to me that one adjustment is enough. It seems to me that if we were to go on the principle that there are to be repeated adjustments, then repeated adjustment in favour of the creditor would have to be granted, too. We did not do that for the period between 1935 and 1938. We made it one way, because the whole act is based upon proposals by the farmer. But if we were to allow or to lay down the general principle that the farmer can go time after time for adjustments, it seems to me only fair that the creditor could do it, too. And that would not be good for the farmer, let me tell you.

There are some features in this measure with which I shall deal as the sections are reached. But I must point out that great care has been used in the drafting of it. I am satisfied that this is as far as we could go. I do not agree with the extremists, who have expressed their views either on one side or the other in this debate. I think something should be done to lift this load of old debt which proved too heavy to enable the farmer to cope with the adversities of the thirties. I think something should be done to enable those situations to be dealt with, and that emergency to be cleared up. In other words, I think we should stick to the emergency character of the legislation, and stick to the essential principle of the legislation; but we should keep it so that it will be more workable. We have made a number of changes to overcome the result of decisions by courts which have been in favour of the creditors. That will be seen, as we go through the sections of the bill.

There are a number of remedies of that kind. I must repudiate the idea that we have been dictated to or that to any considerable extent we have been influenced by either one faction or the other in this matter.

No one could listen to the speeches in the house without seeing at once the wide variety of opinions held, even among ourselves. And that wide variety of opinion exists throughout the country. Certain hon. members have read letters from farmers who have had a hard time. Well, I could read letters from women, widows, who have sold farms and taken mortgages, and then been taken in before the boards and had their mortgages cut away down by boards of review under conditions which, to my mind, would appear entirely unjust.

I believe that what the hon. member for Calgary West has said is true. This is legislation of a continuing character, and applying to most debts. But I believe it can be said truly that a man in his advancing years will rent his farm to a young man rather than sell it. That is the condition, unless that man can get practically the full cash price. In other words, I think it hurts credit, and it would be a bad thing to adopt legislation on any different principle.

Mr. FAIR: One fundamental principle has been entirely ignored. I believe we have every justification for asking that these appeals be of a recurrent nature. I have particular reference to prices for farm production. Looking back over the years I can remember wheat at $3.60 a bushel, and I also know of some farms which were bought in those days. Then, looking ahead twelve or thirteen years later than the period I have mentioned, I remember wheat selling for twenty cents a bushel in western Canada. To-day we have no assurance of any guaranteed price for wheat. Until that is guaranteed, or until some provision is made under which the products of the farm can be sold at a profit, then I say the farmers are entitled to the protection for which they have asked through the medium of appeals from time to time for the adjustment of their debts.

Mr. QUELCH: I believe the minister thought I had been somewhat extravagant in one of the terms I have used. But he must remember this, that I lived on the edge of the drouth area. I have seen the farmers who came to that area, and lived on those farms for perhaps twenty years. Then I have seen them driven off their farms by the mortgage companies. The treatment they have received in the past has been merciless. I fancy that if the minister had seen what I have seen out there, he would probably appreciate the reason why I used those terms. That is why in the past provincial governments were forced to take action. They had to take action to prevent that sort of thing from taking place. I have heard it said that interest rates are high on account of the type of the debt legislation, and the manner in which it operates. But those high rates of interest were in existence long before debt legislation was introduced in 1907, 1908 or 1909.

An hon. MEMBER: What about the risk?

Mr. QUELCH: The hon. member refers to risk. I say that when you obtain a high rate of interest you must not squeal when you lose. You are charging that high rate of interest in order to take care of your risk. Those mortgage companies were charging 8, 9, 10 and even 12 per cent in those days, and if they lost something on their investment they certainly had no right to squeal, because they were getting their high rate of interest. If the mortgage companies had been prepared to lend money at 4½ or 5 per cent, I would have agreed that they perhaps should have had better security. But any concern which considers itself justified in charging 10 or 12 per cent interest had no right whatsoever to squeal if it lost on its investment. That is all part of the game, and part of the gamble.

Mr. BLACKMORE: Mr. Chairman, before the section is passed, I believe it would be well to say a word or two with respect to this measure, perhaps by way of summing up. I listened to the words of the hon. member for Calgary West. He took the orthodox stand of those who must protect credit, just as the minister did. I think the minister will find there is no hon. member in my party, or perhaps in any other party in the house, who does not agree that there must be a protection of credit. I believe that would be accepted by everybody. The difficulty lies, however, in taking the whole thing out of the farmer.

It has been brought out several times by various speakers to-day and yesterday that there is an extremely unsatisfactory agricultural policy in Canada. The debt situation is largely the result of that policy. And we are looking to debt legislation to adjust or to make amends for the flaws produced by or the evils resulting from that agricultural policy.

I shall spend only a moment or two in a discussion of that policy. I have referred to it once before, in the discussion with respect to wool. I do not propose to repeat what I said on that occasion, but somehow or another the minister has to have somebody teach him that there is something radically wrong with the whole agricultural policy of Canada. And if someone does not get it into the minister's head, then I am telling him that he is going to wreck the country. It will be altogether too late to talk about it, when the thing is accomplished. I shall point out briefly to the minister the chief flaws in the agricultural policy of Canada.

In the first place there simply must be a scaling down of agricultural debt. I am not in favour of mortgage companies losing their money. I am not in favour of seeing lenders lose their money. But what are we to do? Obviously, the sensible thing is not to let the farmers be ruined on the land. What is to be done? I am informed that in the United States and in New Zealand they are adopting a systematic, comprehensive scheme of scaling down debts. Just how that should be done will cause some doubt, but I believe that ultimately the Dominion of Canada will have to step in as a nation and absorb the shock. If the Dominion of Canada, as the hon. member for Acadia (Mr. Quelch) suggested yesterday, allowed men by the tens of thousands to come in and settle in the Palliser triangle

and then, when those men have accumulated debts, washes its hands of responsibility in the matter, then obviously the Dominion of Canada is failing in its responsibility to the people it had brought into the country.

What is to be done about it? Suppose a man comes into the country, as I have seen men do, with $20,000 and invests that money in a piece of land in the Palliser triangle after there have been years of good crops and without knowing how uncertain the weather is in that area; what is to happen when he has four or five bad years and his debts accumulate and become unpayable as they inevitably will? What would the minister's stand be in connection with that man who has brought $20,000 into the country to invest along with five, six or seven years of his life? Must that man lose everything? Is that the stand the minister takes? If it is, then he is taking a most extravagant stand, one more extravagant by far than that taken by the hon. member for Acadia.

The question the minister will immediately ask the member for Lethbridge is, "Should the person who lends that man another $20,000 on his land lose his money?" My answer would be that it is not right that either of them should lose his money. But certain it is that the man who came into the country with $20,000 and invested it in a piece of Canadian land has a right which this country ought to protect. If it does not protect that right, then the government is destroying the credit of the country in another way. If the minister asks where he is going now with his agricultural policy, let me say that the time may come when they will pretty nearly have to hire men to go farming on the land.

Mr. CRERAR: Would my hon. friend apply that principle to the man who invested $20,000 in a mining venture and lost it? Should the state reimburse him?

Mr. BLACKMORE: I would say that perhaps there is a little difference between a mining venture and an agricultural venture. Nevertheless I believe the time is rapidly coming when men are beginning to argue that the government should guarantee them protection before they put their money even into a mine. That is being done at the present time. The government has already found it necessary to guarantee loans for the development of mines, to pay for the development of mines and to allow concessions in taxation. The government has had to resort to a great many expedients to encourage private capital to go into industry. Farming is an industry, and the government must do something like that to guarantee a man his security in farming. I doubt very much if in 1935 Liberals would have favoured the creation of as many crown companies as the Liberal government has established in Canada to-day. I doubt very much if in 1935 the Minister of Finance would have favoured the various advances of money which have been made by the dominion government to different companies to encourage them to produce war needs. A new concept has grown up with the years. The new policy is the result of the new concept. The new policy when applied to farming will result in an altogether different way of treating the farmer. I wonder if the Minister of Mines and Resources is answered; does the minister feel that his question has been answered?

Mr. CRERAR: I am sorry; my colleague was speaking to me.

Mr. BLACKMORE: I have been answering the minister's question for the past three minutes and I was just wondering whether he considered it is answered.

Mr. CRERAR: I got part of it.

Mr. BLACKMORE: I believe it is answered. If it is not, the minister can ask me another. The point is that we have reached the place where we must realize that in order to secure the state we must do things which have not been done before. The United States has found it necessary to scale down debts, and I would not be surprised if the United States treasury has reimbursed those who have lost in the scaling down. I would not be surprised if the Dominion of Canada should find it necessary to do a similar thing. I am not in favour of having the mortgage companies lose their money. I am not in favour of the people who have placed their savings with the life insurance companies losing their money. No member of the Alberta legislature or of this Social Credit party would favour that. I doubt if there is one member of the party who could be found to subscribe to that view.

What Social Crediters found in Alberta was an impossible situation. They found that the claims of the money-lenders and the claims of the human element were in conflict, and as a result of that conflict the human element was being destroyed, just as the hon. member for Calgary East (Mr. Ross) so well said. I think he did his province a service this afternoon. He is a man who has come in contact with reality. I am not saying that the hon. member for Calgary West (Mr. Edwards) was extreme in his views because he

represented one point of view. But the hon. member for Calgary East showed quite clearly that he realized there was another point of view, and that the two points of view must be reconciled. How to reconcile them is the problem. The only way they can be reconciled as far as I can see is to have a scaling down of debt. This will involve the advance of money from the dominion treasury to reimburse in some measure those who may be caused to lose money.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BLACKMORE: Just before the committee took recess I was discussing the faults in the agricultural policy as it is at present applied in Canada, and pointing out to the minister that one reason why we encounter so much difficulty in drafting a bill of this sort is that we are trying through the bill to rectify abuses which develop naturally through a faulty agricultural policy in the country, and I said that it would become necessary, in order to adjust the onerous debt situation which has developed in western Canada, for the dominion government to step into the picture and absorb the shock, actually reimbursing in considerable measure those who have lent the money, and also reimbursing in considerable measure those who have borrowed, to overcome a situation which is otherwise intolerable.

So that the stand of the Social Credit party may be made completely clear on this matter, and for the minister's use, I am going to read a passage from a booklet recently published and issued from Edmonton just prior to Premier Aberhart's death. This little booklet is called "Prepare Now: A Suggested Policy for Post-War Reconstruction". On page 43 of this booklet I read as follows:

> All agricultural mortgage debts to be taken over by an agricultural credit bank operating under the national monetary authority, on the following basis:
>
> (a) The principal amount of debts to be reduced to the original indebtedness less all payments made in excess of three per cent. The farmer will be required to pay this to the agricultural credit bank in equitable instalments on a crop or production share basis.
>
> (b) The agricultural credit bank will repay creditors on equitable terms which will ensure that individuals incur no loss and corporations can meet their liabilities in full.

I propose to deal briefly with what is suggested there, elaborating in some measure. It will be noticed that the principle laid down is that the interest rate should not exceed three per cent. I believe the minister in his bill and in the operation of the bill should have in mind the idea that the interest rate should not exceed three per cent. We have heard mention made of exorbitant rates such as eight, nine, ten and eleven per cent. All such rates are deleterious to the country and will result in hardship and destruction of our vital resources. If the original loan to a given farmer is allowed to stand and the lender allowed interest at the rate of three per cent from the time when the money was lent, and the debt is taken over by the agricultural credit bank and provision made that the lender shall receive his principal with interest at the rate of three per cent, the lender, I think we shall agree, will not suffer seriously by such an arrangement and the farmer will be required to pay this to the agricultural credit bank in equitable instalments on a crop or production share basis. We have found in Alberta that a satisfactory way of dealing with agricultural debt is to allow the farmer to pay a certain portion of his crop each year. If he does this, he does not have the anxiety of having to sell the crop, turn it into money and pay the money. The person to whom the money is owed knows he is getting a certain percentage of the crop, and he knows that is fair; he feels much better about it, and the farmer feels much better about it. The first thing you know, the debt is beginning to be liquidated. This principle is suggested in what I have read. It goes on to state:

> The agricultural credit bank will repay creditors on equitable terms which will ensure that individuals incur no loss. . . .

The hon. member for Calgary West, with an arrangement like that being worked out, would have no cause to worry about the money which had been put into life insurance companies. Any life insurance company which had lent money to a farmer would be guaranteed the money it lent him together with three per cent interest, which would certainly enable the company to discharge the obligations to the people who had insured their lives with it. Probably that little passage will help members of the committee to understand what I meant when I said that the government would step in and reimburse, not necessarily permanently, probably just temporarily—for twenty years or so, the idea being that ultimately the government would recover its money, the farmers would get out of debt, the people who lent money to

the farmers would get their money back, and the country would be restored to a sound, healthy condition with respect to debt.

I mentioned a minute ago the question of refunding. I see no reason why the minister should not adopt the policy of refunding to enable farmers to borrow at low rates of interest the money with which to discharge their obligations over a long period of time, say twenty or thirty years, which would enable them to get out from under their indebtedness and would enable the people who have lent money to the farmers to recover their money without too much hardship and inconvenience.

The matter of price must be taken care of, and the minister has not made allowance for that in drafting the bill. As the hon. member for Battle River pointed out, prices simply must be guaranteed from year to year, so that farmers will know where they stand and the people who are lending the money will know where they stand; otherwise the credit which the minister was so anxious about will be lost. If the lending companies come to find by and by that, no matter how good a farmer a man may be, if they lend money to him and prices go down they lose their money, they will certainly lose confidence and the country will lose credit in spite of such legislation as this. There can be no question about it. So that this bill will not protect the credit of the country, even though the minister believes it will.

Just to show the minister that prices in Canada are not where they ought to be, may I quote briefly from a statement made at Brandon, Manitoba, on June 24, and reported by the Canadian Press:

> William Bryce, of Dugald, Manitoba, urged the cost of production plus ten per cent for farmers, the same as industry, in his presidential address to the Manitoba Federation of Agriculture meeting here yesterday.

Farmers all over the country are beginning to talk about being paid on a cost-plus basis rather than on a cost-minus basis as they are being paid at the present time. May I tell the minister that no matter how carefully he drafts this bill, unless he looks after the matter of price in the agricultural economy of this country he cannot possibly sustain the credit of the farmer.

Mr. EVANS: Will the hon. member tell us how he would establish cost of production on the farm?

Mr. BLACKMORE: The hon. member has asked a pertinent question. I would say that probably in Canada the thing to do would be to start with wheat. I fancy our whole agricultural economy is built around wheat. The cost of wheat, the price at which it ought to be sold, could be determined, I believe, by a group of experts similar to those now working on the wartime prices and trade board. Three years ago a good many things which now look thoroughly feasible would have seemed impossible, and I think the hon. member for Maple Creek will agree with me that a group of men such as Donald Gordon has in his employ could determine after a while the price at which wheat should be sold.

Mr. EVANS: It might be pretty cheap.

Mr. BLACKMORE: It should not be cheap. If they determined a price for wheat which was cheap they would be cheap themselves, because the whole country would be based upon a cheap economy. In fact, that is the trouble with us now. The price of wheat, I should say, should be between $1.25 and $1.50 if it were set where it ought to be to enable the farmers to carry on year after year and to build fences when they break down and barns when they are worn out. Then, having wheat as the pivotal point, they could set for other primary products like barley, oats, rye and other commodities, such prices as would enable the growers to produce those commodities as economically as they could produce wheat. Does that indicate to the hon. member how he ought to proceed? This could be done with regard to all the various agricultural commodities. A fair price could be determined for them. In a general way this ideal should obtain. The object should be, in the economy of any country, to enable the people on the farms to buy from industry the products they need and to enable those engaged in industry to buy from the farms their own requirements. With that general idea in mind, and with the technique I have indicated, I am sure that any group of experts who went to work seriously on the problem could determine fair and profitable prices for all primary products, and then arrive at the prices of the secondary commodities by a similar device. I am not discussing that matter to-night, but I have shown in a general way how one could proceed.

I believe there are just two other matters the minister should bear in mind. First of all, he should see to it that the farmers get credit where they need it, the credit which they cannot now obtain; and he should make ample provision for stability of prices and of markets for the next three years. If he would do that, there would not be very much difficulty about the bill he has introduced. I am not sure that there would be great objection to it in

its present form if the inequalities and injustices that are inherent in the whole agricultural economy were removed.

I believe that the hon. member for Acadia took a sound position. He said that the bill was deficient in at least three respects, in a general way. First, the boards are done away with and courts substituted. Although there is disagreement among the members regarding the desirability of boards as compared with courts, in my opinion the boards have done very good work. We found in Alberta that there was not much complaint on the part of the farmers with reference to the work of the boards, and I am not sure that the loan companies suffered much at their hands. I believe also, as the hon. member for Battle River has emphasized two or three times, that the debt situation must be dealt with on the basis of its being recurrent. In southern Alberta, south of Calgary, there is drouth this year. The hon. member for Medicine Hat the other day brought this fact to the attention of the house. That drouth will cost hundreds of thousands of dollars to farmers all over that country. The farmers are not responsible for it; there is nothing they can do about it. The farmer put in his grain in perfectly good faith, but he will not have anything to live on this year, or at any rate very little, and debts will accumulate. Even the Minister of Finance, with his orthodox mind, would hardly blame the farmer for the debts that will accumulate in consequence of what has happened this year through an act of God. It is that very thing that creates the situation for which there must be a remedy, some means of absorbing the shock. To go to that part of the country and tell the farmers that they should absorb the whole shock of that terrible drouth from Calgary south, is to make oneself ridiculous. The minister sees, I believe, that what the farmers are suffering from all over the three western provinces is a long period of years in which incidents similar to this drouth have impaired the economic stability of the farmers and thrown them into debt. The debt situation therefore must be dealt with as a recurrent problem; and when the minister says that he does not believe there should be more than one or two decisions on the debt question, I reply that he is out of contact with realities. In fact, he made the statement that there was to be only one proposal. Well, one is not enough. Hundreds of farmers in southern Alberta alone this year will have to have a readjustment from the adjustment they made last year. How else will they meet the situation which will develop as a result of the drouth which destroys their crop? Surely the debt situation must be dealt with as a recurring problem.

There is injustice also in requiring that the debt should be such that two-thirds of it had been contracted prior to May 1, 1935. From what I have said I think it must be clear that the question of debt is one that is likely to come up at any time. The terrible hail storms that sometimes sweep across that section of the country will put the farmers in a position where they cannot discharge their obligations. If they contracted debts when the stores gave them credit, how will they discharge those debts if next year there is frost or a drouth? How will they adjust themselves? We have had many experiences of that kind in Alberta, and therefore we know that some of the things the minister has said are more or less doctrinaire and are not the result of facing realities.

I would say that there are three main flaws in the bill which should be remedied to bring it up to that standard which would be thoroughly acceptable to the people in the west.

Mr. CASTLEDEN: This bill is for the purpose of facilitating compromises and arrangements between insolvent farmers and their creditors. But is it possible to do anything for those who are insolvent, or is the definition of the word "insolvent" to be extended and given such a wide interpretation as to take in those who merely want readjustment of their debts?

Mr. ILSLEY: They must be unable to meet their debts as they fall due; otherwise they do not come under the legislation. We would not have the jurisdiction to deal with the others, because the basis of our jurisdiction is that section in the British North America Act which gives this parliament jurisdiction over bankruptcy and insolvency.

Mr. CASTLEDEN: In the draft bill presented by the debt conference there were one or two things which were asked for, which seemed to be basic but which apparently have been entirely neglected in the bill before us. In paragraph 15 they point out particularly that they want the boards to protect the farmer's interest, to evaluate the farmer's interest in the farm land as represented by the amount of money, principal and interest, which he had paid, and, second, the amount of cultivation and improvements he had made and the labour he had expended in bringing the lands into an improved condition. That is one thing I wish to bring to the minister's attention.

Another point is this. In protecting the farmer's interests they want to base the adjustment on the ability of the debtor to pay, and I believe that has been taken care of. They say in paragraph 15 (3):

15. In exercising its jurisdiction and powers to formulate a plan of settlement and without limiting its discretion in any way the board may consider and determine *inter alia* the following matters:

(3) The cost of maintenance of the debtor and his family at a reasonable standard of living and the current expenditures reasonably necessary in the operation of his farm.

I think that is fundamental, and if this bill is to be an effective instrument, those things should be taken into consideration. A number of the other proposals made have been incorporated in the bill.

The minister this afternoon argued that if revisions or adjustments as asked for by the debt conference were provided for, it would destroy farm credit and cause tenantry in this country. I would point out to the minister that when agriculture or any other industry suffers the losses which were suffered by the farmers of the west whom this bill is supposed to protect, someone has to take the losses, and where such loss is suffered credit is bound to be destroyed, and to accept this proposal would not prevent that.

As regards tenantry, the records show that it is increasing rapidly in the west, and the reason why it has increased more rapidly over the past few years is that it has not paid the creditor to foreclose on the farm because he could not go in himself and operate the land and make any more profit out of it than the farmer did. About eighty per cent of the farms of my province are already mortgaged, and if prosperous times should ever come to agriculture again, there would be so many foreclosures that tenantry would be widespread.

Section agreed to.

On section 2—Interpretation.

Mr. ILSLEY: There is a very slight amendment to be made to paragraph (i), which I shall ask my colleague to move.

Mr. GIBSON: I move:

That subsection 1 of section 2 be amended by adding after the word "assumed" in line 39, the words "or otherwise incurred".

Amendment agreed to.

Mr. DOUGLAS (Weyburn): Paragraph (e) says:

(e) "creditor" includes a secured creditor and any person to whom a farmer owes any debt and includes the crown, as well in right of any province as in right of Canada.

[Mr. Castleden.]

Is there any necessity to include municipalities or are they already covered? I notice in paragraph (f) at the top of page 2 of the bill, "or any municipality or other person." Should "municipality" be included in the definition of "creditor?"

Mr. ILSLEY: The word "person" includes "municipality" by the ordinary principles of interpretation. It is not necessary to name the municipalities expressly, but it is necessary to include the crown by express words.

Mr. DOUGLAS (Weyburn): "Person" would cover "municipality?"

Mr. ILSLEY: Yes.

Mr. DOUGLAS (Weyburn): Referring to paragraph (f) which defines "debt," there has been, as the committee knows, some difficulty under the Farmers' Creditors Arrangement Act, and some cases went before the supreme court of Ontario a few years ago. Since then, cases have arisen in Saskatchewan in which it was declared that there was an absence of privity of contract, and some cases were thrown out on that ground. Mr. Dunning then brought in an amendment in 1938 to meet that difficulty, but cases have been thrown out since. Has provision been made for that?

Mr. ILSLEY: Yes. That has been provided for.

Mr. ROSS (Calgary East): Paragraph (h) defines "farmer." Apparently this definition has been copied word for word from the old act, and our judges in Alberta have held that a rancher does not come within the meaning of "farmer" as defined in the old act. We have a great many ranchers in Alberta who, I submit, should have the benefit of the act. I presume the minister would have no objection to an amendment making the definition broad enough to include ranchers.

Mr. ILSLEY: I just followed the time-honoured language which is used in the Bankruptcy Act and in the Farmers' Creditors Arrangement Act. I do not think I would like to broaden the definition.

Mr. PERLEY: I think the definition of "farmer" should be broadened to include men who, while not actually residing on the farm, are operating the farm and making it their chief occupation. They pay all the expenses and taxes and hire the labour for the farm. I think that class should be included in the definition.

Mr. DIEFENBAKER: I would ask the minister whether the definition of "farmer" as it now stands would cover a person who had

been engaged in farming but is now retired from the farm and relies mainly upon his returns from the farm for his support. Personally I think the definition, as was pointed out by the two hon. members who have just referred to it, is not sufficiently wide to cover the various situations that have been found to arise since the definition was first incorporated in the original act. I would suggest to the minister that ranchers be included within the ambit of the expression "farmer." There are many who are engaged in ranching, as was pointed out by the hon. member for Calgary East, who, I believe, are entitled to be included under the act but have been excluded under the judgments to which he made reference. If my memory is correct, the definition has been held inapplicable to the case I mentioned, namely, persons who at one time or another have been farmers but have retired from the farm and are farming it indirectly under lease. Such a person does not come within the definition as it now is and has been since 1934. I would suggest that the experience of the past nine years has amply demonstrated the need for the inclusion of these two classes, and I believe the definition should be widened accordingly.

Mr. JOHNSTON (Bow River): I wish to associate myself with the remarks of the hon. member for Calgary East in regard to the definition of "farmer". I think it was found necessary, either under the Prairie Farm Assistance Act or the wheat acreage reduction scheme, to change the definition of the word "farmer" so that ranchers would be included. I believe a rancher was defined as a man with so many head of stock per acre, or on some similar basis, and I believe the minister will find that this definition must also be changed. There will be a great deal of dissatisfaction if it is left to include only those whose main occupation is farming or the tillage of the soil. I believe some qualification will have to be made so that ranchers will be included, perhaps so many head of stock for each acre of land or something like that.

Mr. ILSLEY: What is the case for bringing ranchers under the legislation? My hon. friend assumes that ranchers should come under it, but what is the case for making it apply to ranchers? The great complaint from ranchers recently has been in connection with the excess profits tax.

Mr. JOHNSON (Bow River): The situation is quite clear in some districts, particularly in the southern parts of the prairie provinces. You may find the case of a man who has been farming and who has changed over to ranching. If a farmer is in that position, he has every right to come under this legislation. Of course, if you are going to have it apply only to those who are bankrupt now, instead of making it a debt adjustment act, this definition may be all right, for those who are going to be sold out will be sold out anyway. If it is to be a debt reduction act, however, to assist these ranchers and farmers, the definition must be widened to meet the case.

Mr. QUELCH: It all depends upon how you define a "farmer" and a "rancher". As the hon. member for Bow River says, under the Wheat Acreage Reduction Act anyone with more than fifty head of stock, or more than two head of stock for every acre of wheat, was called a rancher. The minister is not going to suggest that a farmer with fifty-five head of cattle will be very much worried about the excess profits tax. During the years from 1932 on, when stock was selling for as low as a dollar a head, many of these small ranchers got into serious financial difficulty, and it will take a number of years for them to get back on their feet. When we come to section 7 I intend to refer to a point which will very much affect the ranchers; that is, in connection with the deadline of 1935. The ranchers who had to sell off their stock in 1937, in order to become eligible for feed under the dominion regulations, certainly need help to-day. Many of those ranchers were out of debt in 1935; then when the drouth hit them they had to sell most of their stock and take whatever they could get for them. Now they get no consideration at all under this measure. However, that will come up when we reach section 7. I am only pointing out now that many ranchers have suffered heavy financial losses, and certainly I think at least the small rancher should come under this legislation. I believe the minister was referring to what one might call the business rancher or the syndicate rancher, but under the provisions of the Wheat Acreage Reduction Act a farmer with over fifty head of stock is called a rancher.

Mr. ILSLEY: It seems that the courts of Alberta have decided that a rancher is not a farmer within the meaning of this measure.

Mr. QUELCH: How is a rancher defined?

Mr. ILSLEY: I do not know. I did not know the courts had made that finding, but I have the word of the hon. member for Calgary East for it, and that is confirmed by the official in charge. Certainly the definition in the wheat acreage reduction regulations would have no bearing at all on the case. I am not familiar with the decisions of the courts of Alberta, but this measure is designed to assist

persons whose principal occupation is farming or the tillage of the soil. I do not know the difference between farming and the tillage of the soil; I questioned that when I was going over the bill, but I was informed that this language had been interpreted by the courts, that it is the language of the old Farmers' Creditors Arrangement Act, and that it is the language of the Bankruptcy Act. It is the standard definition of a "farmer".

Mr. QUELCH: What is that definition again?

Mr. ILSLEY: A farmer means a person whose principal occupation consists in farming or the tillage of the soil. That is what a farmer is within the meaning of this measure and, I am informed, within the meaning of the Bankruptcy Act as well, and that has been the case since the old act was brought in. I suppose there comes a stage where a person's principal occupation is not farming or tilling the soil at all. He does not touch the soil; he just turns cattle out to graze. If that is his principal occupation he is a rancher, I suppose; he is not a person whose principal occupation consists in farming or the tillage of the soil. This legislation does not extend to him, and never has extended to him.

Mr. QUELCH: Surely this definition should be a rancher or tiller of the soil, because it is very hard to imagine a farmer who does not till the soil but you could have a rancher who did not till the soil, though I think the majority of them do till a certain amount of soil. You hardly need to say a farmer or a tiller of the soil, because I think all farmers do till the soil.

Mr. ILSLEY: Under this legislation a person whose principal occupation was not farming or the tillage of the soil would not be eligible for the benefits of the legislation. He would be regarded as a person in a different kind of business, and why not? It is just a question of where the line should be drawn. We cannot extend this measure to include everybody; it has just applied to those whose principal occupation consisted in farming or the tillage of the soil.

Mr. QUELCH: Then I think the measure should definite the difference between a rancher and a farmer. We ran into that problem with the Wheat Acreage Reduction Act. Many farmers were denied the bonus on the ground that they were ranchers; finally the Minister of Agriculture stated that the regulation was ridiculous, and he wiped it out. Now ranchers are eligible for the wheat acreage reduction bonus. If a rancher can be eligible for the wheat acreage reduction bonus, he must be a tiller of the soil; therefore he should come under this legislation.

Mr. ILSLEY: But that is not his principal occupation. If his principal occupation is the tillage of the soil he comes under the legislation.

Mr. ROSS (Calgary East): I do not think the minister understands the situation in the ranching country. Most of the foothills country is ranching country, and the chief occupation of the people there is raising live stock, cutting hay, looking after cattle and sheep, and so on. They do a certain amount of farming; they grow coarse grains for their cattle, but their chief occupation is ranching and not tilling of the soil. There is also a great deal of ranching done in the dry areas, where this legislation is intended to apply. I submit that it should apply to them.

A few moments ago the minister raised the objection that the farmers were kicking against the excess profits tax.

Mr. ILSLEY: The ranchers.

Mr. ROSS (Calgary East): Yes, the ranchers. The cattle raisers have had a strenuous time during the standard period which forms the basis of the excess profits tax. None of them were making money at that time. They could not. Now when they come to pay the excess profits tax it hits them so hard that they are complaining. And they have just ground for complaint, because everything they make is being taxed away from them. They have no chance to pay off their debts incurred during the strenuous times through which they have passed.

This afternoon I referred to the fact that during the years of depression the ranchers were hit very hard. Very often cattle were sold at a dollar a head, as one hon. member said a moment ago. One could buy the best of feeding cattle for a cent a pound on the prairies at that time. The ranchers were losing money. But they stayed with the game, borrowing money, for the purpose of trying to carry on.

When this standard was fixed for the excess profits tax it was fixed so that the ranchers are having everything taken away from them that they made. They have no chance in the world to pay off their past debts. I submit that this measure should certainly apply to ranchers, as much as to farmers.

Mr. DOUGLAS (Weyburn): Would the minister consider expanding the definition of "farmer" to cover farmers who retire but who still own their farms, and supervise the opera-

tion of those farms? The minister will recall that the debt conference suggested this definition for "farmer":

"Farmer" means (1) a person whose principal occupation consists in farming or the tillage of the soil; or (2) a person whose principal occupation was farming but who has retired therefrom, and is not engaged in any other occupation and has either leased his farm property or sold it under an agreement for sale or transferred it and taken a mortgage thereon for purchase money on which payments are owing to him. "Farmer" includes the legal representative or representatives of a deceased farmer.

It seems to me there might be some argument based on that paragraph. A great many people up in years retire to the little towns and rent their farms, or operate those farms by having a hired couple or a hired man on them. Under the present definition they would be barred from the benefits of the legislation. Would the minister give some consideration to extending that definition so as to include them?

Mr. ILSLEY: They are investors. They have an investment. They are not on the farm, nor are they engaged in farming.

Mr. DOUGLAS (Weyburn): But their livelihood comes from the farm.

Mr. ILSLEY: That is what my hon. friend says, and he also said that that applied to mortgage companies. But we must draw the line somewhere. The object of the measure is to keep efficient producers on the land, and I do not think it should be extended to persons who are not producing, but who just have their money invested in farms.

Mr. DOUGLAS (Weyburn): They have more than their money in those farms. They probably have the work of a lifetime in them. The definition states distinctly "whose principal occupation was farming but who has retired therefrom". That is, a man has a farm in which over a number of years he has built up an equity. Debts accumulated during the bad years. Surely he has as much right to an adjustment as the man who is still young and is on the farm. His livelihood comes from that farm. It represents his toil and his work of a lifetime. Surely he has the same right to benefit from the legislation as he would have if he were still young enough to operate the farm actively. This is not an investment. This was not surplus money put into an investment, at all. It represents the toil of a man's lifetime. Now he depends upon a return from that farm to maintain him and his wife.

Mr. FAIR: I think I could point out several instances where a man's sons have joined the army, where the man himself might not be able to operate power machinery, and for that reason he has had to have his work done by hired help. What would be his position?

Mr. ILSLEY: He has to be a farmer, if he is to benefit. If his principal occupation consists in farming or tillage of the soil, even if it be by a hired man, he is still a farmer.

Mr. FAIR: Even though he does not live on the land? Let us suppose he moved to a small town.

Mr. ILSLEY: He does not necessarily have to reside there physically, so long as he is operating the farm. If he does so, he is a farmer. If he is directing the operation of the farm, through a hired man, and that is his principal occupation, he comes within the definition of a "farmer."

Mr. DOUGLAS (Weyburn): If he has leased the farm?

Mr. ILSLEY: No. If he has leased the farm he is not running it. The lessee is running it.

Mr. FAIR: With respect to farmer-ranchers, may I say we have had a lot of trouble under the Prairie Farm Assistance Act and the wheat acreage reduction legislation. It might be pointed out that a number of farmers have a section or two sections of land, that they are farming 500 or 600 acres of it, and at the same time running a number of cattle or horses. Because they have those cattle or horses, even though they farm 500 or 600 acres an attempt is made to debar them from the benefits of the Prairie Farm Assistance Act, and from the wheat acreage reduction legislation. How do they fare in this case?

Mr. ILSLEY: I understand the hon. member is asking just where the line is drawn between a farmer and a rancher?

Mr. FAIR: Yes.

Mr. ILSLEY: Well, it is just a question of fact as to whether his principal occupation consists in farming and tillage of the soil.

Mr. FAIR: But it is fifty-fifty.

Mr. ILSLEY: That is just one of those things the tribunal has to decide.

Mr. QUELCH: The bill submitted by the western debt conference evidently recognized that difficulty, because their definition reads this way:

A person whose principal occupation consists in farming or tillage of the soil; or in raising for sale or market any live stock or dairy products.

Apparently they put that in there to cover this very thing.

Mr. EDWARDS: I should like to support the contention advanced here in regard to the definition of the word "farmer." That has caused a great deal of heart-burning and dissatisfaction on account of its ambiguity. I do not know why we should pass on to a judicial tribunal the difficulty of interpreting an act which is not clear, and which is in fact ambiguous to ourselves. We ought to make up our minds who is to have the benefit of this legislation. I believe there have been one or two cases before our courts in which decisions have been made in connection with entitlement. Mention was made of this by the hon. member for Calgary East. As I recall, one rancher was being questioned on this matter. As everyone from the foothills knows, every rancher does have some land under tillage. A rancher may have far more land under tillage in connection with his ranching operations than would the ordinary farmer. That is common knowledge and common observation. There can be no gainsaying the fact that the ranchers as such suffered more adversely, if that were possible, than did the ordinary grain or wheat farmer in the depression years which are the occasion for this legislation.

I should like to second with all the force of which I am capable the suggestion of the necessity and desirability of giving a proper interpretation to the word "farmer," so that it will include those whom we commonly designate and who delight to be known as ranchers rather than farmers.

Mr. FAIR: The hon. member for Calgary East has some good friends in the position of the man I described a few minutes ago, who happens to be a neighbour of mine. The hon. member for Calgary East has, I think, succeeded as a lawyer in that little community there on account of the fact that he understands farming conditions, and possibly on account of the number of his very good friends. I would hate to see this section go through without some provision being made to include the ranchers. These people suffered during the years from 1930 to 1939. The Minister of Finance says that the excess profits tax is giving more trouble than anything else at the present time, and I submit that these people are suffering a great injustice in having to pay an excess profits tax when they should be using this money to pay off the debts they incurred during the depression period. I hope the minister and his advisers will see that some provision is included in this section to include ranchers.

[Mr. Quelch.]

Mr. JOHNSTON (Bow River): The minister has said that the meaning of this definition would be decided by the court. The definition is:

"Farmer" means a person whose principal occupation consists in farming or the tillage of the soil.

I assume that the minister means that the court will decide that after hearing all the facts of the case. I am concerned over the word "occupation." In deciding whether a man is a farmer or a rancher, will the court use as a basis the man-hours employed in cultivating the land or caring for the stock, or will it use the financial report in connection with the cultivation of land or the sale of stock. I can conceive of considerable difficulty if you are going to base it on the financial report, especially when there is only one proposal allowed under the measure. One year a man may have a financial return showing that his major income came from the raising of stock—he would be classified as a rancher. The next year stock prices might fall and his major return be from his farming operations—he would be classed as a farmer. On the other hand, as has already been pointed out, as a rancher he will necessarily have to have a large acreage under cultivation. I think the minister should make clear the difference between the terms "farmer" and "rancher" in order that there may be no misunderstanding.

Mr. ILSLEY: I do not think this is a change that should be made hastily in committee. Perhaps the section could stand and I will give consideration to the suggestions that have been made. Perhaps we could pass the section with the exception of paragraph (h).

Section stands.

On section 3—Clerk of the court to be official receiver.

Mr. DOUGLAS (Weyburn): Some judicial districts are quite large and it may be impossible for the clerk of the court to handle all the cases. At the present time there are three or four official receivers in some districts. Is it the intention to have several official receivers and, if so, will they all reside at one point or will they be scattered at strategic points?

Mr. ABBOTT: If the clerk of the district court feels that he can handle the cases in that district, he will be the official receiver. It is the intention to appoint official receivers, if necessary, in the outlying points when there is a demand for these services and when it is felt that the locality is too remote from the place where the court sits and where the clerk of the court would be located. That is the

reason why power is taken in subsection 2 to appoint official receivers in addition to the clerks of the court or in substitution thereof.

Mr. DOUGLAS (Weyburn): Subsection 3 sets out the functions and duties of the official receiver. Under the old act I believe the official receiver had the power to formulate a proposal after consulting with both the debtor and the creditor, and placing the matter before the board of review. I am not clear whether under this bill he will have the power to formulate a proposal, or whether he merely receives a proposal filed by the debtor, which has been formulated by the debtor and his lawyer or his representative.

Mr. ABBOTT: Under the existing regulations the official receiver is empowered to assist the debtor in preparing the proposal. It is not contemplated that there will be any change in the regulations put into effect under the new legislation.

Mr. DOUGLAS (Weyburn): He will be able to assist under this measure?

Mr. ABBOTT: That is right.

Section agreed to.

On section 4—Jurisdiction on assignment or petition.

Mr. CASTLEDEN: The western debt conference urged that instead of a single judge there should be farm debt boards. They suggested that:

> The board shall consist of a chief commissioner and two commissioners who shall be appointed by the governor in council. The chief commissioner shall be a judge of the court of the province invested with superior jurisdiction in trials in the province, and one commissioner shall be appointed as a representative of creditors and one commissioner shall be appointed as a representative of debtors.

I think that would prove more satisfactory than placing this entirely in the hands of one official. It seems to me it is giving too much power to the one person. I believe the wishes of the debt conference should be recognized and granted, and I should like to know why they have been disregarded in this respect.

Mr. ABBOTT: That matter was fully considered when the bill was under consideration, and it was decided to get away from the idea of boards and to use the machinery of the courts. For that reason the initial court is the district court, with one judge, and the appeal is to the special appeal court set up under the bill. As I say, it was decided after careful consideration to discard the system of boards. That is the fundamental feature of this new bill.

Mr. GRAHAM: I do not know whether the rules of the committee will permit me, but I happened to be out of the chamber for a few moments, and it seems to me that section 2, subsection 1 (*d*), definition of "court of appeal", is unnecessary under the bill. I would suggest, in order not to cause lawyers any sleepless nights over an unnecessary provision, it might as well be deleted from the measure.

The CHAIRMAN: I must point out that section 2 has been carried.

Mr. DOUGLAS (Weyburn): With unanimous consent.

Mr. ABBOTT: Just to answer my hon. friend's point, at first it would seem as though a definition of "court of appeal" would not be necessary, but in section 26 of the bill a reference is made to "the court of appeal of the province in which the appeal court has jurisdiction," and it provides in substance that the appeal court under this bill shall exercise on any appeal all jurisdiction, powers and authority of the court appealed from and of the court of appeal of the particular province in which the special appeal court under this bill is sitting. So that I think the insertion of a definition of "court of appeal" in the interpretation section is necessary.

Mr. GRAHAM: Yes, I agree.

Mr. DOUGLAS (Weyburn): I do not want to labour the point, but I believe that the removal of the power from the board of review to a court is a retrograde step. We listened yesterday to a good deal of tub-thumping about British justice in Canadian courts—which, of course, is not at all the point in question. The judge is competent to deal with the legal aspects of a case; but there are aspects other than the legal one, as is shown by the fact that later on you will have land appraisal, and men who have some idea of the value of stock and of the value of buildings, some idea of the implications of farm transactions, and it is doubtful if you can get a judge who will have the necessary background to deal with all the implications of the financial arrangements between debtor and creditor. It seems to me that a system whereby there was a representative there for the farmers, presenting their case, interpreting some of the data placed before the judge, who in the light of the evidence presented to him would then interpret it from the legal viewpoint, would make for a much more sympathetic hearing and a much better understanding. I do not think any reasonable argument has yet been advanced by the minister or any other member of the government for transferring these powers from the board of review, on which there will

be farmer representation, to a court. After all, the board of review was not some irresponsible body, as one may have gathered from the minister's statement this afternoon; the board of review is a quasi-judicial body presided over by a judge, with someone there to interpret the facts from the farmer's point of view and present his case in a sympathetic manner. I think we would be very well advised to include that feature in the legislation.

Mr. FAIR: I think the hon. member for Weyburn has made a very good point. I think experience over the years, and particularly the experience we have had with different boards administering government policy under war restrictions, has shown us that as a result of lack of farmer representation, many grave mistakes have been made and grave injustices done to the farmer. While we shall have the benefit of judicial interpretation of points of law, I think we should also have the benefit of other representatives as we had under the old board.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—Proposals by farmers in Alberta, Manitoba and Saskatchewan.

Mr. DOUGLAS (Weyburn): I should like to know whether the minister thinks that under this section power is actually given to reduce debts, to alter the terms of payment and to reduce rates of interest. It will be noticed that all the section says is that the farmer "may make a proposal under this act for a composition." "Composition" has already been defined as "a composition in satisfaction of debts". The court may make a composition, extension of time or scheme of arrangement either before or after an assignment under the Bankruptcy Act. I am not a lawyer, and I wish to ask the minister if in his opinion and in the opinion of the Department of Justice who have been advising him, that provision grants to the court full power to reduce debt, not merely to extend it over a period of time, not merely to postpone it or to make some arrangement about payment, but to reduce it, to alter the terms and reduce the rates of interest. I noticed in the proposed legislation which was placed before the government by the debt conference, under section 9, subsection 2, they state:

> Without derogating from the generality of subsection 1 and regardless of when the debt was incurred or whether the debt is secured or unsecured, the board on formulating the plan of settlement may:
>
> (a) alter the terms of payment of any debt;
>
> (b) reduce the principal and/or interest of any debt;
>
> (c) reduce the rate of interest on any debt.

These powers are specific. I am a little afraid regarding the powers in section 7 when the court is only authorized to make an extension of time and a scheme of arrangement. If the minister is convinced that that terminology does give them power to reduce debt and to reduce the rates of interest, of course I am prepared to accept his interpretation, because he is in the legal profession. Certainly to me it looked like vague language and does not look as though strong powers are given to a board that is supposed to do what this bill proposes.

Mr. ABBOTT: I think my hon. friend is not on the section at which he should raise this point. Section 7 simply sets out the conditions under which a farmer may make a proposal under this, and I think the question to which he has referred, as to the powers of the court to formulate a proposal and to reduce debt, could more properly be discussed under sections 15 and following, under the heading, "Formulation of proposal by court". Perhaps if he does not mind, we can let his question stand until we reach those sections.

Mr. QUELCH: I should like to ask why the minister deemed it necessary to have that date line of 1935 in there. Take, for example, a stock man or a farmer with a certain amount of stock who managed to struggle along fairly well until 1935; then, owing to drouth and heat and rust in 1936 and 1937, he was forced into debt and went through the Farmers' Creditors Arrangement Act procedure. Are we to refuse the right to that farmer to make a proposal? Surely it does him more credit that he was able to struggle on until after 1935 without going under the Farmers' Creditors Arrangement Act. Why should we say, because he was forced to go through the act in 1936 or 1937, on account of a severe drouth hitting western Canada, he shall not be allowed now to make a proposal?

Mr. ILSLEY: He could not have gone through the act in 1937 unless he had debts incurred prior to May 1, 1935, and then there was no power to make any order in respect of debts incurred after May 1, 1935. Such inquiries as I have been able to make would indicate that the great majority, indeed the overwhelming majority of cases requiring relief are cases where the debt was incurred prior to May 1, 1935; that there was not much

placing of mortgages on property subsequent to that date. We went through a great many figures and examined the records of a great many cases, and we found in those cases examined that in Saskatchewan 72 per cent of the debt was incurred prior to May 1, 1935, and for the three prairie provinces, 73 and a fraction per cent of the debt was incurred prior to that date. Therefore, while we thought at first that the percentage should be 75 per cent, we decided that it would be perhaps a little better to make it 66⅔ per cent, so that we stipulated that two-thirds must have been incurred prior to May 1, 1935, and the definition of debt incurred prior to May 1, 1935 is that interest accrued since is included in that. That was a point which had never been decided by the courts, although it had been raised. It had been contended under the old act that interest accruing after May 1, 1935, could not be adjusted except by consent, because it was a debt accruing after May 1, 1935. That point is cleared up by this bill, and debts incurred prior to May 1, 1935, for the purposes of this bill, include interest accrued since. My inquiries and the record of the cases dealt with under the Farmers' Creditors Arrangement Act show that the great majority of cases are cases of mortgages placed on the land, I would say, in the twenties or the teens, certainly before May 1, 1935.

Mr. JOHNSTON (Bow River): In subsection 1, does that mean that if a farmer did not make a proposal at all, he can come in under this, provided the debt was incurred prior to that time?

Mr. ILSLEY: No. To qualify, two-thirds of the debt must have been incurred prior to May 1, 1935.

Mr. JOHNSTON (Bow River): Whether he made a proposal or not?

Mr. ILSLEY: Yes.

Mr. JOHNSTON (Bow River): That was my understanding, but it was suggested to me that it was not so.

Mr. ILSLEY: The hon. member's understanding is correct.

Mr. JOHNSTON (Bow River): I cannot understand why the debt must have been incurred prior to May 1, 1935. It seems to me that that is going back a long way. The cut-off date should be 1938 anyway. This will be a great hardship on some of the farmers, because there was a depression in 1937 and 1938.

Mr. ILSLEY: That was not the period when the debt was incurred. The great bulk of the debt was incurred before 1935. This is the date in the old act, and if that date is moved down, as has been suggested by some in this house, and outside the house, it certainly unsettles confidence in the finality of this legislation. It is an advertisement to the public that under pressure they will be moved down and down. That is what happened, I am told, in connection with the debt adjustment acts of western Canada. While it was provided that the debts must have been incurred before a certain date, later on that date was advanced; it was moved further ahead to another date. Undoubtedly that would happen; there would be pressure developing here, and if we changed our act from an act to clear up an emergency it would become a continuing act. That is what hon. gentlemen have been asking for, but that is the kind of act which I would not approve and I do not believe that parliament would approve it.

Mr. JOHNSTON (Bow River): It need not necessarily become a continuing act, being extended every year. But the fact is that in 1937 and 1938 there were difficulties. Those were hard years, and by making 1935 the fixed date you are cutting out the difficult years over which the farmers had no control. You are making it impossible for those two years to be covered by this legislation.

Mr. ABBOTT: It does not eliminate those two years if two-thirds of the farmer's debt had been incurred prior to May 1, 1935, if he did not make any further borrowings after 1935 and the arrears of interest accumulated. That comes within the definition of debt incurred prior to May 1, 1935, and he can take advantage of the provisions of the legislation.

Mr. QUELCH: The minister states that the date in the old act is 1935, but they did not visualize then the type of drouth we had later. Furthermore, it must be remembered that at that time we also had a wheat board act which set the price of wheat at 87½ cents, and after that it went considerably below that figure. The farmers had a lower price plus a drouth, and there was a serious condition in the west. Many farmers did go into debt who had been able, I would not say to keep out of debt, but at any rate to keep going prior to that time. But many increased their debts in 1936, 1937 and 1938. When the act was formulated the date was set at 1935; but that is no argument, for the simple reason that the conditions which prevailed in 1936 and 1937 were not then anticipated. In 1936 and 1937 we had one of the most serious drouths on record in western Canada, and in addition to that the price of wheat dropped from 87½ cents to 70 cents.

Those two factors should be taken together, because they had a disastrous effect on western Canada.

Mr. ILSLEY: With regard to the percentages, I said that the average of the debt, from the cases examined, was divided in the two proportions I mentioned; 73 per cent or thereabouts was incurred prior to May 1, 1935, and the rest of it was incurred since. I am assured from inquiries I have made that, in the great majority of cases, with that two-thirds figure the persons who are really designed to be benefited by the legislation will come in. It must be borne in mind that under the old act there was no power in the board to adjust any debt incurred after May 1, 1935, but under this bill all debts down to the date of application, whether in 1943 or 1944 or 1945, may be adjusted, provided two-thirds of the indebtedness was incurred prior to the date in the old act. I am averse to changing the original date, because I know it gives the appearance of instability to the whole thing if we do.

Mr. QUELCH: In 1937 the government passed certain regulations under which the farmers had to reduce the amount of their stock to three or four head per family in order to get feed or relief, and a large area was affected by those regulations. Farmers who, prior to that time, had been able to carry on, by selling cream to the stores, found themselves in the position where they had to sell their live stock, and they received at that time only three or four dollars a head. After they had lost their dairy cattle they were no longer able to buy at the stores and they went into debt, so that from 1937, 1938 and 1939 their debts increased considerably. Those farmers will not be helped, except where two-thirds of their debts were incurred prior to 1935.

Mr. ILSLEY: Had they no debts incurred prior to May 1, 1935?

Mr. QUELCH: Some had, but some were able to carry on. I would not dare to say how many did, but even if there were only a small percentage whose debts were incurred prior to 1935, they are entitled to justice the same as anybody else. I do not see why they should be excluded, no matter how few they may be. Why leave the date at 1935?

Mr. GRAHAM: Would the hon. member for Acadia agree with me that farmers who incurred their debts to local merchants in 1937 or 1938 have no desire to have that particular type of debt cut down? When better times come they wish to pay the merchants who carried them through that period. Does my hon. friend not agree with that?

[Mr. Quelch.]

Mr. QUELCH: I would say that every farmer would like to pay his debts in full. Generally speaking, the farmers are every bit as honest as every other man, but when a man finds himself in a position where he cannot pay his debts, if he comes under the measure, store debts will have to be cut down with other debts.

Mr. DOUGLAS (Weyburn): The point is not whether a man wants to get out of paying his store debts. The point is that if the farmer is insolvent, if sixty per cent of his debts were incurred before May 1, 1935, he cannot come within the benefits of this legislation. If only sixty per cent of his debts were incurred prior to May, 1935, he may not get the benefits of this legislation; that means he cannot pay his store debts at all. What will happen is that proceedings will take their normal course and he will be foreclosed. In view of this limitation, I think the minister should tell us the number of farmers in the three prairie provinces who will come within the ambit of this bill. Has the minister any figures on the number of farmers, two-thirds of whose debts were incurred prior to 1935? This bill will exclude thousands of farmers, because, as has already been stated, 1937 was one of our worst years in Saskatchewan. Agriculture in Canada was at an all-time low, and in Saskatchewan, besides low prices, we had adverse weather conditions. Farmers had to get rid of their live stock except for a few head. They were required to do so in order to get relief and comply with the regulations. During that period taxes and store debts piled up, and I presume seed grain advances will also be included when the court comes to compute the farmer's total obligations. If seed grain advances are included with tax arrears, debts to the storekeeper, debts to the implement company, how many farmers in western Canada will be able to say that only one-third of their debt was incurred since 1935? I think this section will exclude thousands of farmers. That is the point we ought to be taking cognizance of. This bill will not meet the situation of the insolvent farmer unless two-thirds of his debt were incurred prior to May, 1935. There will be many farmers, sixty-five per cent of whose debt was incurred prior to 1935 who will be left out in the cold.

Mr. ILSLEY: Just consider the situation of these farmers. They have had up until the present time to apply, and presumably they have not applied. We are now in 1943. Moreover, they have the benefit of an order in council giving them the right to apply for postponement of foreclosure proceedings.

Mr. DOUGLAS (Weyburn): Good for the duration of the war.

Mr. ILSLEY: Yes, and that meets the present situation at least. I do not know what will be done in the future. We never know. But there are two things that must be borne in mind. These persons have had nine years of this Farmers' Creditors Arrangement Act in which to make application. If they have not done so, I do not think there will be very many of them apply now, except perhaps those who had their debts adjusted in 1935, 1936 and 1937. Perhaps some will come in, because they have not had the option of making a second application for a proposal. Those who did not make application have let this go for nine years, so that I do not think there will be many of them. If we strike some sort of percentage, it may exclude some, but this will take in most of them.

Mr. DOUGLAS (Weyburn): Is it not possible that the reason why many of them did not apply was that the boards could not deal with any debts except those incurred prior to 1935? The very debts that are most embarrassing and that the farmers are most concerned about could not be dealt with under the old act and cannot under this bill unless two-thirds of the total debt were incurred prior to 1935.

Mr. ILSLEY: That may be the case, although I do not know that it is.

Mr. FAIR: I wish to bring a matter before the government for action upon it before this bill passes. With respect to farmers who may have their debts adjusted or have a proposal made and agreed upon, is there any assurance that they will be guaranteed the cost of production for the products they raise in order to enable them to pay off their debts?

The CHAIRMAN: I am not going to tolerate a question of that kind at this stage of the deliberations of the committee. Surely we cannot discuss economics now after we have deliberated the principles of this bill for two days.

Mr. FAIR: Unless they are guaranteed the cost of production, they will be unable to carry out their contracts and we shall have to have another debt act in the very near future. If the farmers are to be in a position to pay off their debts, they must be guaranteed the cost of production just the same as other industries are.

Mr. POTTIER: Ask them to pay their bills and there will be no trouble.

Mr. FAIR: If the hon. gentleman would speak up for himself, we could perhaps hear him, but I could not.

Section agreed to.

On section 8—Representative of deceased or mentally incompetent farmer may apply.

Mr. DIEFENBAKER: I have particular reference to subsection 3 of this section which I believe is not properly worded, in that in line 24 the word "may" appears. I think it should read "shall," for the following reasons. The section as it now stands reads as follows:

> If the court is satisfied that a member of the family of the decedent or of such farmer resides and will continue to reside on the farm of the decedent or of such farmer, who intends and is able to operate the same, the court may, ex parte . . . grant such application.

The section as it now stands with the permissive "may" therein will, I submit, hold out hopes that farmers who live on the land following the death of the owner would have the right and the opportunity to come under the provisions of this bill. The use of the word "may," being permissive, means that a discretionary order will be made which will, if the ordinary rules are followed, not be altered on appeal. As the bill is drawn, I think the result will be that a land court jurisprudence will be established, and we shall find ourselves in the position that each district court judge will determine applications from the sons and daughters of deceased farmers according to his own whims and wishes. Provision for appeals is to be found in section 24, which provides:

> An appeal may be taken from any judgment or order of the court made in any proceedings under this act pursuant to a proposal, including an order approving or confirming a composition, extension of time or scheme of arrangement or declining to formulate a proposal, to the appeal court in the province in which the court has jurisdiction, and shall be asserted, heard and decided according to the ordinary procedure governing appeals from judgments or orders of the court to the court of appeal in such province, subject to any special rules of practice and procedure relating thereto made under this act.

The ordinary rule is that a discretionary order is not reversed on appeal. The fact that the district court judge may make an order shows that the order he may make will be discretionary; and where he refuses the right to the sons or daughters, as the case may be, of a deceased farmer, their right will not be altered on appeal in view of the fact that the ordinary principles of law will apply. I suggest to the minister that the right should be absolute; that where a member of the family of the deceased will continue on the farm, and intends and is able to operate the same, he

should enjoy the right to apply under this bill. Therefore I suggest for the minister's consideration that the permissive word "may" be deleted and the mandatory "shall" substituted therefor.

Mr. ILSLEY: The intention was that the court shall, upon such terms and conditions as it deems fit, by order grant such application, and may do so ex parte. That was the intention; the word "may" was directed to the words "ex parte", but I will admit that it is not worded in such a way as to carry out that intention.

Mr. DIEFENBAKER: Then would there be any objection to changing it to "shall"?

Mr. ILSLEY: I am quite willing to take out the words "may ex parte" and substitute "shall." The word "shall" does not go with "ex parte" very well, so that I am quite willing to make the change.

Mr. ST. LAURENT: I move that subsection 3 of section 8 be amended by striking out the word "may" in line 24 and the words "ex parte" in line 25 and substituting therefor the word "shall."

Mr. EDWARDS: I do not wish to speak to this amendment, but there is another matter—

The CHAIRMAN: Let us dispose of the amendment first.

Mr. GRAHAM: Does the Minister of Justice not think that would involve the giving of notice to other parties concerned, that it would make such an application other than ex parte?

Mr. ST. LAURENT: We have considered that. The section provides that the court has to be satisfied that a member of the family of the decedent or of such farmer resides and will continue to reside on the farm, and I would imagine the judge would very often require some notice to be given to someone before he would declare himself satisfied that this was going to be the case. I think in most cases the judge would want someone to get notice that he had that application before him, to give an opportunity of contesting the fact that there was a member of the family who would be likely to reside there.

Mr. GRAHAM: It will be recalled that there was an amendment after 1934, and so far the application under the act has been ex parte.

Mr. ST. LAURENT: Yes. There is nothing here that would require notice to be given, except that the judge must make a finding on a question of fact.

[Mr. Diefenbaker.]

Mr. GRAHAM: Is not the rule of law that if it is not stated to be an ex parte application, it is not an ex parte application?

Mr. ST. LAURENT: It is not intended that it shall be obligatory upon the judge to require notice; I think that can be taken care of very well in the regulations. The bill as drawn showed that it was the intention to have it even an ex parte application, and it is only on account of the objection raised by the hon. member for Lake Centre that we are substituting the word "shall". I do not think we should go so far as to say "shall ex parte".

Mr. GRAHAM: Could you say, "shall on an ex parte application"?

Mr. ST. LAURENT: I do not think so; I do not think the judge should be precluded from requiring notice if he has any doubt about the fact he is required to find. I think it should be provided in the regulations, however, that an application of this kind can be made ex parte, unless the judge decides that notice must be given.

Amendment agreed to.

Mr. EDWARDS: I do not know whether other hon. members had the same understanding, but when I first read the bill I contemplated that the personal representative or the immediate member of the family would reside on the farm and carry on operations. As this section is drawn now, it is only necessary to have a member of the family residing on the farm and carrying on operations; yet he might have no jurisdiction or control over the estate of the decedent or the insane person. I should think the personal representative, or the executor or administrator, should be the person to reside on the farm.

Mr. DOUGLAS (Weyburn): Would it be possible that the personal representative might be the wife of the deceased farmer, who might want her sons to carry on the farm?

Mr. GRAHAM: Or a trust company.

Mr. DOUGLAS (Weyburn): Yes, or a trust company. When this amendment to provide for deceased farmers first came in, it was brought to the attention of Mr. Dunning at that time because there were many cases where farmers had died, and where their widows had sons who were not old enough to inherit the farm or to carry on the farming operations, and therefore did not come within the benefits of the legislation.

Mr. EDWARDS: Why make it insistent that a member of the farmer's family should continue to live on the farm. All he has to do is merely live there.

Section agreed to.

Section 9 agreed to.

On section 10—Preservation of property.

Mr. DOUGLAS (Weyburn): I have been comparing subsection 2 of section 10 with section 33, which makes it impossible for the farmer to sell, after he has had a composition. This, I take it, is to prevent his selling prior to the composition being filed in the court.

Mr. ABBOTT: Prior to its being approved.

Mr. CASTLEDEN: He has no possibility of refusing the composition, has he? The farmer has no option in the matter. Once he has made his proposal, and they make a composition, he has no opportunity to refuse?

Mr. ILSLEY: He cannot refuse it.

Section agreed to.

On section 11—Stay of proceedings by creditors.

Mr. DIEFENBAKER: There is something in connection with this section on which I should like to secure some information. Is it intended that under this any person who is the creditor of a farmer in respect of whom a proposal has been made shall be, without leave of the courts, denied the right to take judicial or extra-judicial proceedings to recover the debt? I have this in mind: After the proposal has been made and has been approved, we will say in respect of a farmer who purchases live stock under a lien note or conditional sales agreement, and fails to make payments, is the creditor who was not a party to the proposal to be debarred from taking proceedings?

Mr. ILSLEY: Yes; it ties him up. He cannot take any proceedings, because the farmer has filed the proposal, and that stays proceedings by all creditors, whether secured or not.

Mr. DIEFENBAKER: But that is not the point I have in mind. After the proposal is accepted, what happens? Let us suppose the proposal is made in 1943, and that in 1944 the farmer buys certain necessities such as machinery and live stock, under a conditional sales agreement. Is that creditor to be debarred from his rights, even though he was not connected in any way with the proposal?

Mr. ABBOTT: Does my hon. friend mean after the proposal has been confirmed by the court?

Mr. DIEFENBAKER: Yes.

Mr. ABBOTT: Sections 10 and 11 do not apply in that case. These sections, as I understand them, are only to cover a case while a proposal is pending and prior to acceptance and confirmation by the court, or the formulation of the proposal by the court. There is the same provision in the Bankruptcy Act and the Companies' Creditors Arrangement Act, preventing a creditor from taking proceedings without leave of the court, while a proposal for composition or arrangement is pending.

Section agreed to.

On section 12—Meeting of creditors.

Mr. JOHNSTON (Bow River): Is this to be considered a review of the case, where the official receiver shall call together the creditors, for discussion, and the debtor would not be present?

Mr. ABBOTT: As my hon. friend will see in another section, the provisions of the Bankruptcy Act apply to the Farmers' Creditors Arrangement Act, except in so far as the special provisions of the act vary the provisions of the Bankruptcy Act. This section simply says that the official receiver under this bill will perform the duties and functions required by the Bankruptcy Act "to be performed by a trustee". So that the provisions of the Bankruptcy Act relating to creditors do not apply in respect of farmers who avail themselves of the provisions of this bill. And the official receiver assists the debtor in formulating the proposal, and arranges to call together the creditors to consider the proposal and decide whether or not they are willing to accept it.

Mr. JOHNSTON (Bow River): Why would the debtor not be there?

Mr. ABBOTT: He would be.

Mr. JOHNSTON (Bow River): It does not say so.

Mr. ABBOTT: It does not have to say so; he would be there.

Section agreed to.

Sections 13 and 14 agreed to.

On section 15—Proposal by court in certain cases.

Mr. DOUGLAS (Weyburn): I should like to ask a question with respect to the powers

of the board. Again, it seems to me, the phraseology is quite vague. The section states:

On the written request of a creditor or of the farmer, where the official receiver reports that the farmer has made a proposal but that no proposal has been approved by the creditors or where the court has refused to approve a composition, extension of time or scheme of arrangement submitted to it by the official receiver pursuant to a proposal, the court shall endeavour to formulate an acceptable proposal to be submitted to the creditors and the farmer.

May I emphasize the words, "to approve a composition, extension of time or scheme of arrangement". Does that give the powers asked for by the debt conference? They asked that they may have power to (a) alter the terms of the payment of a debt, (b) reduce the principal of the debt and (c) reduce the rate of interest. Does this grant that power?

Mr. ILSLEY: Yes; it does. The words are the same as in the Farmers' Creditors Arrangement Act which has been in force since 1934, and there is no doubt of any power to approve an arrangement whereby principal may be reduced, interest may be reduced and terms may be altered. I have forgotten the words the hon. member read, but that can be done.

Section agreed to.

On section 16—How court to base its proposal.

Mr. DOUGLAS (Weyburn): This is the only section I can find which sets out any principle to be used as a basis for making this composition by the court. It states:

The court shall base its proposal upon the present and prospective capability of the farmer to meet his debts as they become due and the productive value of the farm.

It will be noted that it is based on two things: first, the ability of the farmer to meet his debt and, second, the productive value of the farm. It seems to me that two vital principles have been left out, principles which ought to guide the court in making this composition. They were both mentioned in the proposed bill submitted to the government. The first was that there should be something there to provide for the preservation of a farmer's equity. The minister made a strong speech this afternoon about retaining confidence. He pointed out that he did not wish to have legislation that was wide open, because creditors would not be prepared to advance money unless they felt they had some security behind the money they advanced. Well, there are two sides to that question. When a creditor lends money to a farmer he is entering into a business partnership. One man is doing a piece of work with his machinery and his farm; he is putting up the best years of his life. On the other hand, the creditor is putting up some money. If, in the passing years, owing to circumstances beyond the control of both parties, there are no proceeds, what happens? While the equity of the one partner is maintained, the equity of the other partner disappears. If the minister will go over the many cases which can be submitted, he will find that whereas a farmer may have worked for twenty years, may have paid a considerable amount of money in interest, may have put in years of hard work, may have improved his equipment and buildings and increased the number of acres broken, yet at the end of that period his equity has actually shrunk, whereas the equity of the other person is maintained, if not actually increased. The money he invested may have been invested during an inflationary period when the purchasing power of his dollar was much less, and he may be foreclosing at a time of deflation when the purchasing power has greatly increased. The result is that his equity has greatly increased.

It seems to me that one of the weaknesses of this bill is to be found in this section. No provision has been made for attempting to assess the farmer's equity. If these two partners, the creditor and the debtor, are both to suffer a loss on account of bad prices and adverse weather conditions, the loss ought to be shared between them rather than have one party accept all the loss and the other party have all the security. I am in favour of the proposal which was made by the debt conference. They proposed that one of the principles underlying the adjustment of these debts should be:

15. (1) The value of the farmer's interest in the farm lands as represented by the amount of money, principal and interest paid by him to the vendor, mortgagee, encumbrances, or other creditors in respect of the land, and the amount of cultivation, improvements or labour made or expended by him in bringing the lands to their present productive capacity.

I think that ought to be recognized in making the adjustment. The second vital principle which it seems to me has been overlooked was also suggested by the debt conference. It reads:

(3) The cost of maintenance of the debtor and his family at a reasonable standard of living and the current expenditures reasonably necessary in the operation of his farm.

The farmer is not in the same position as a business man. The farm is not only his instrument of production; it is his home. There are cases where a business man may

have his home in his place of business, but that is not the general rule. If, as a result of this business arrangement, he finds at the end of a period of years that the partnership has lost, one partner will get the business, but the other will lose not only the business but his home and the place where his family resides. I think the debt conference made a worth-while suggestion, one worthy of the minister's consideration. They suggest that in any proposal which is made in arranging for the payments to be made by the debtor, sufficient should be left to take care of the farmer and his family. If they cannot stay on the farm as efficient producers; if he cannot maintain his family at a reasonable standard of living, it will be impossible for the farmer to fulfil his part of the obligation.

Mr. GRAHAM: Does my hon. friend not think the judge will know that as well as he?

Mr. DOUGLAS (Weyburn): My hon. friend knows better than that. If the judge will know it without anybody telling him, why is section 16 in the bill? Why does it say:

> The court shall base its proposal upon the present and prospective capability of the farmer to meet his debts as they become due and the productive value of the farm.

Mr. GRAHAM: Do not the words "prospective capability" cover the very point brought up by the hon. member for Weyburn? Surely that would include a reasonable proposal based upon the farmer's ability to pay under the circumstances in which he finds himself, not only in that year but during the years the proposal might run.

Mr. DOUGLAS (Weyburn): It deals with the farmer's ability to pay; it does not guarantee that in the proposal the farmer's equity will be preserved.

Mr. GRAHAM: I am speaking about the other point.

Mr. DOUGLAS (Weyburn): It does not guarantee that in the proposal; it does not say that there shall be sufficient allowance for the farmer and his family; that is not considered in the compromise proposal under which the farmer has to pay an amount to the creditor which may make it impossible for him to maintain himself and his family. Under those circumstances the terms of the proposal would be such that he could not fulfil them.

Mr. GRAHAM: It would be a very stupid judge who would do that.

Mr. ABBOTT: The suggestion put forward by my hon. friend attacks the whole basis of fixed money obligations. He has suggested that a man who is a creditor in a certain amount has an equity in the property. He has not any such thing. He has a claim against the property, which may or may not be secured—if it is in the form of a mortgage it is secured—but he has no opportunity to participate in the increased value of the property. My hon. friend is suggesting that he should participate in the losses. In other words, in the case of a fixed money obligation, the creditor puts up, say, $2,000; the debtor borrows that and the obligation is secured on the real property. He puts in a lot of sweat and work over a period of years and for one reason or another the property depreciates in value. The creditor has had no opportunity to participate in any increased value. In other words, my hon. friend has asked that the creditor should transfer to the debtor a portion of the debt. That is what it amounts to. It attacks the whole basis of obligations fixed in terms of money. You may as well say that if a man promises to pay $200 or $300, his legal obligation to pay will depend upon whether or not he is successful in operating a particular property or business in connection with which he has borrowed the money.

Mr. JOHNSTON (Bow River): What about his physical obligation? The parliamentary assistant has stated that there is a fixed monetary value.

Mr. ABBOTT: I did not say anything about fixed monetary value; I said that his obligation was expressed in terms of money.

Mr. JOHNSTON (Bow River): That obligation is fixed under the proposal as a payment of so much a year. He may have to pay $100 a year, which is his fixed money obligation. It is quite true that the creditor may not participate in any increased profits and that the hon. member for Weyburn is expecting him to participate only in the losses, but the minister is not taking into consideration the fact that once the money obligation is fixed and a condition then comes about over which the farmer has absolutely no control, it may be physically impossible, on account of hail or drouth or something else, for him to carry out that obligation. Then his contract is broken and he cannot possibly help that. The proposal cannot be changed; there cannot be any revision of the proposal, because only one can be made.

Mr. GRAHAM: Read section 29.

Mr. JOHNSTON (Bow River): That covers the annulment of a composition, which brings up an entirely different point. I shall have something to say about that when we reach the section. When the court is to base the proposal upon the present and there is to be only

the one proposal allowed, I think the obligation should be elastic enough to overcome a condition for which the farmer may not be responsible.

Mr. QUELCH: I think this section is altogether too vague. It has in the past and will no doubt in the future be interpreted in many different ways and may easily destroy the efficiency of the farmer. In the bill presented by the western conference, section 15 reads:

> In exercising its jurisdiction and powers to formulate a plan of settlement and without limiting its discretion in any way the board may consider and determine *inter alia* the following matters. . . .
>
> (2) The ability of the debtor to pay and to that end to arrange the payments of his creditors in such amounts and at such times as the debtor may reasonably be expected to meet, having regard to his present and prospective capability to perform the terms and conditions of the plan and having regard to the productive capacity of his farm;
>
> (3) The cost of maintenance of the debtor and his family at a reasonable standard of living and the current expenditures reasonably necessary in the operation of his farm.

In Alberta the importance of this was realized to such an extent that it became the law of the province, and the first charge against a farmer's production was the amount of the crop which was necessary to carry on the farmer's expenses for the current year. If a farmer is not allowed a sufficient amount from the revenue of his farm to meet these expenditures, he cannot carry on efficiently, and once he has gone under this bill his credit is practically destroyed. It surely must be the aim of the government to allow the farmer to carry on efficiently, and yet this clause as it stands may easily be interpreted in such a way as to allow him just enough to pay certain expenses, without taking into full consideration his costs of living for the family. I had a certain experience years ago, and I do not mind mentioning it, back about the years 1933 or 1934, right in the heart of the depression. A collector was trying to collect a certain bill which at the time I could not pay, on account of crop conditions, and he started to lecture me. He said, "The trouble with you British is you are not satisfied to reduce your standard of living. Central Europeans make better farmers than you do; they are willing to reduce their standard of living down to practically nothing." Is that what we want to do in western Canada—put our farmers there on the plane with the peasants of central Europe? That is what will be done by the bill under this clause; not sufficient provision will be made for the farmer to maintain his farm in a decent state and, in addition, pay the expenses of his family. It is not necessary for me to say that when the collector took that stand we rapidly parted company.

Mr. ABBOTT: Will my hon. friend permit a question? Who does he think should pay these costs to which he is referring?

Mr. QUELCH: I think the farmer should be allowed to pay these costs out of the revenue of the farm.

Mr. ABBOTT: At whose expense?

Mr. QUELCH: At no expense; at the cost of the farm. The creditor would have to take less for a year; the debt would be postponed. For instance, if a farm is a total loss, you might say, at whose expense? Well, it is at the expense of the farmer, because that amount is not wiped off the debt; it just means the payment he has to make is postponed until the future. It is always at the farmer's expense until he has to default.

Mr. DIEFENBAKER: There is a question I should like to ask in connection with this particular section in order to be in a position to discuss intelligently the meaning and effect of the section, which, I may point out, is identical with the words of the present section 12, subsection 8, of the Farmers' Creditors Arrangement Act. Under that section there has been a board which writes off the principal and interest in connection with secured and unsecured debts which have come under the jurisdiction of the boards of review. If the information was already given, I confess that I was not present at the time it was given. I should like to have a statement from the minister showing the total amount of the write-off in secured and unsecured debts in each of the years from 1935, when the act came into effect, until the present time, and what is more important, the percentage of reduction in principal and also in interest during those years. This section has been interpreted by the courts of appeal in the various provinces, not directly but indirectly, through appeals which have been made to the several courts of appeals from orders which have been made by boards of review. As I read over this bill as a whole and this section in particular, I think it actually aims at doing what the land court act of Manitoba endeavoured to do, a statute which was passed on April 17, 1939, but did not come into effect on account of the oncoming of the war. The general purpose of this act, as stated in section 133, is:

> . . . to retain all honest, industrious and efficient farmers in the use and occupation of their farms as efficient producers and to make such orders that, after allowing for all normal

current expenditure and providing for the maintenance of themselves and their families in a reasonable standard of comfort, such farmers may be reasonably expected to meet their liabilities as they become due, and to protect in so far as possible the rights of mortgagees and vendors of farm lands.

That, I submit, is exactly what has been done under the Farmers' Creditors Arrangement Act—I speak now of Saskatchewan during recent years—in its administration. It is impossible for any judge or any board to foresee what the prospective capabilities of a farm may be. Eventualities will arise. I think it was the hon. member for Weyburn who mentioned the possibility of drouth or hail. I bring that up in connection with this item, for the reason that, for some years now, the boards of review have been making orders which provide that in any one year, irrespective of the order that has been made, if climatic conditions or drouth, frost and the like make it impossible for the farmer to make the payments provided for under the order or the proposal, the sheriff of the judicial district in which he resides may make an order the effect of which is that for that year the order made by the board of review need not be lived up to. That provision has been declared beyond the powers of the board of review.

Mr. GRAHAM: May I ask, is it not only the delegation of the powers that is so declared?

Mr. DIEFENBAKER: Yes; that is true. I was not going into the details. What was actually declared to be beyond the powers of the board of review was the delegation of that right to the sheriff.

In making regulations effectually to carry out the provisions of section 16, I suggest to the minister that provision be made in these regulations to permit of the delegation of that power to be made by the district court judge to the clerk of the court or the sheriff of the judicial district. I do not know how this section could be worded in order to cover what the hon. member for Weyburn has in mind with respect to prospective capabilities, but I feel that, with a district court judge being in charge of the administration, every consideration will be given to farmers who are efficient, farmers honestly endeavouring to carry out their obligations. It might be that the section could be widened to cover what the hon. member who has just spoken has in mind, but I think the section as it now stands will cover these eventualities, provided that what I mentioned the other day is done, namely, that a judge is appointed as an appeal court who has a complete grasp of the debt situation in the western provinces and who is, therefore, in a position to establish jurisprudence fair alike to the farmer and to the creditor, always having in mind that the primary consideration of this legislation must be the keeping of efficient and honest farmers on the farms, farmers who have found, owing to conditions over which they have no control, that at certain times they are unable to meet their debts in full.

I think we should have the regulations, and I mention that at this time. The regulations will be as important as, if not more important than, the wording of the bill, and I should like to see those regulations that are to direct the administration of this bill, to the end that we may see to what extent the court may go and the considerations it shall take under advisement in determining the question as to the present and prospective capability of the farmer to meet his debts as they become due, and the productive value of the farm. Have the regulations been made yet? If so, I should like to have them brought before the committee. They would go a long way toward clarifying what I believe are the doubts of the hon. member for Weyburn and other members who have spoken. If the regulations are wide enough, this section is wide enough; if the regulations are narrow, this section can be interpreted narrowly.

Section agreed to.

Section 17 agreed to.

On section 18—Representations to be considered.

Mr. DIEFENBAKER: I should like to have an answer to the question I have asked regarding the regulations and also in regard to the write-down of debts during the years in question.

Mr. ILSLEY: The regulations have not been prepared, and I do not anticipate they will be prepared until there is some consultation with the judges in some way. I do not know just what form that consultation will take, but there will have to be some consultation. At any rate, the regulations are not prepared.

Mr. DIEFENBAKER: Is it intended to change the regulations that have been in effect?

Mr. ILSLEY: Yes; they will have to be changed. The regulations at present are adapted to the boards of review. As the hon. gentleman has said, section 16 is in this form

in the old act; it just repeats the language of the 1934 act. It was thought better to stick to that language, because it has worked well and I do not know that there has been very much dispute as to what it means. The hon. gentleman referred to the fact that it had been held that there could not be a delegation of a right to suspend payments, the right to make a finding that would suspend payments. The justice department is of the opinion that suspension of payments, in the event of crop failure or of some similar circumstances, can be provided by a ministerial finding by an officer of the court of certain facts.

Mr. DIEFENBAKER: Just what does the minister mean by that statement?

Mr. ILSLEY: I am not too clear as to just what the clause was that was held ultra vires, beyond the powers of the boards of review, but I believe the principle of it was this, that the payments would not be made if a certain state of facts came into existence in a certain year. I really cannot discuss it. Perhaps the hon. gentleman would know what was decided there.

Mr. DIEFENBAKER: There was no power of delegation to determine that in any particular area there should be a suspension of payment by reason of crop failure and the like.

Mr. ILSLEY: What the officers of the Department of Justice have in mind is something like this. A proposal might be drafted in such a way that, if there were a crop failure, payments would be suspended. Then there could be a finding of fact by the court that there was a crop failure, in which event the suspension would take place and the necessary action could be taken by an officer of the court. They say that under a properly drafted proposal that contingency could be provided for.

Mr. GRAHAM: From my point of view, and, I am sure, even from the point of view of members on your extreme left, Mr. Chairman, the important thing is that the bill presupposes that a proposal may contain a clause dealing with crop failure or other disasters that come during the currency of the proposals, and it is not an important matter for us tonight to know just how that will be accomplished. I am pleased to hear the minister indicate so clearly that the intention is to find a reasonable means of permitting that in the proposal and to get over the question of the legality of the manner in which boards of review were dealing with that particular question.

Mr. CASTLEDEN: Under the Farmers' Creditors Arrangement Act many of the adjustments that were made called upon the farmer to pay fifty-five per cent of the principal, and the balance of interest was due in the tenth year. Is there anything in this clause which would prevent that kind of thing from being done?

Mr. ILSLEY: There is nothing to prevent it.

Mr. CASTLEDEN: Under the Farmers' Creditors Arrangement Act some of the proposals that were brought forward required the farmer to pay fifty-five per cent of the principal in the tenth year, and the interest that was due in that year—that was the final year—had to be paid in that year. Has the minister before him any of the proposals formulated by the boards of review under the Farmers' Creditors Arrangement Act?

Mr. ILSLEY: I have not that information before me.

Mr. CASTLEDEN: That provision was in many of the adjustments, and when the farmer sees that burden at the end of the tenth year of his operations he decides it is almost useless to carry on, particularly when the control of his production is left in the hands of his creditors. Such an arrangement might be possible under this bill, and I was wondering whether anything could be done to prevent that.

Mr. ILSLEY: It would be left to the courts.

Mr. CASTLEDEN: And the only thing the farmer could do would be to appeal?

Mr. ILSLEY: That is right.

Section agreed to.

Section 18 agreed to.

On section 19—Court may decline to formulate a proposal.

Mr. FAIR: This section reads:

> The court may, by order, decline to formulate a proposal in any case where it does not consider that it can do so in fairness and justice to the creditors or the farmer or where it finds that the farmer has not acted in good faith in his conduct in relation to the creditors in the management of his farm or the disbursement of his income.

Who is to be the judge of whether the farmer is managing his farm efficiently or otherwise?

Mr. ILSLEY: There is nothing about efficient management in the section. The court is the judge of whether the farmer has acted in good faith in his conduct in relation to the creditors in the management of his farm or the disbursement of his income.

Mr. FAIR: There are many different opinions as to what is efficient management of a farm. Quite a number of farmers work their land, one in one way and others in a different way, and they raise different kinds of live stock. What sort of judge will be able to say whether the farmer is managing his farm efficiently?

Mr. ILSLEY: The section does not use any language such as the hon. gentleman has used. The court has to determine whether the formulation of a proposal can be made in fairness and justice to the creditor or the farmer. The other thing the court has to decide is whether the farmer has acted in good faith in his conduct in relation to the creditors in the management of his farm or the disbursement of his income. These are matters which can properly be left to the court.

Mr. FAIR: It is quite easy to judge whether he has acted fairly in the disbursement of his income. But to judge whether he has managed his farm efficiently is a different proposition, and I am afraid that some judges will not be competent to decide that question.

Section agreed to.

Sections 20 and 21 agreed to.

On section 22—In case of refusal.

Mr. CASTLEDEN: This section reads:

> If the creditors or the farmer decline to approve a proposal formulated by the court, the court may, nevertheless, by order, confirm the composition, extension of time or scheme of arrangement therein proposed or as amended by it, and, upon such confirmation, it shall be binding upon the creditors and the farmer.

This means that the farmer is entirely at the disposition of the court.

Mr. ABBOTT: So are the creditors.

Mr. CASTLEDEN: Yes. So are the creditors. If the judge happens to be one who has done some farming in the last few years and knows what adversity is, he may have some sympathy for the farmer. But let it be clearly understood that once the farmer makes a proposal and it is confirmed by the court, the farmer has no opportunity for refusing it.

Mr. ABBOTT: He has an appeal.

Mr. CASTLEDEN: Other than an appeal.

Section agreed to.

On section 23—Appeal courts in provinces.

Mr. DIEFENBAKER: In connection with this section, when I spoke the other day I said that in order to have an effective administration of this bill there was one important thing, namely, the identity of the judges who are to be appointed as an appeal court in each of the three provinces. The other important thing is, of course, the regulations which will effectuate the carrying into effect of this bill. But, however complete the regulations may be, and I regret that we are not to have them before the house and the committee, and however complete the provisions of the bill may be, we are entering upon a new system of land court jurisprudence where the ordinary rules of law will be insufficient to guide the appeal court with respect to the capability of the farmer and the productive value of his farm and in deciding whether the farmer has acted in good faith in his conduct in relation to his creditors in the management of his farm or the disbursement of his income. It will depend in large measure on the breadth of vision and the training and the confidence enjoyed by these men in the provinces where they are appointed. I would ask the minister who these judges will be, and if a decision has not been made thereon as yet, will the parties most affected by this legislation be consulted—the farm bodies, the loan corporations, and the attorneys-general particularly of the three western provinces? I think there is no more important matter than the identity of the judges who are to comprise the courts of appeal. If this legislation is to be administered in the light of the strict application of legal principles, I doubt whether it will be successful. But if men are placed in the position of judges of appeal courts in the various provinces who are able men with experience and wisdom and appreciation of what conditions have been in the west and may continue to be in the future, there can be built up a body of jurisprudence that will make this legislation effective and assure to our farmers a continuation of efficient production and assure payment in the future to those who have advanced their money. I therefore ask who the judges will be.

Mr. GRAHAM: I agree largely with what the hon. member for Lake Centre says. But, as he knows well the judges of the appellate division in Saskatchewan, would he care to assist the minister by recommending particular judges?

Mr. DIEFENBAKER: I have never been in a position where I could make any recommendations.

Mr. ILSLEY: The hon. gentleman has asked an important question. I do not know whom we are going to appoint; no consideration has been given that matter by the government. I have a few ideas, but they are in an incomplete state. By that I mean that naturally I have given a little thought to the question, but have come to no decision, even

in my own mind. I cannot give any undertakings about consultation. The appointment of these appellate judges is a matter for the government, which must assume responsibility. In appointing judges who will really constitute a new dominion court or courts, I do not think the government should give any undertaking as to consultation. If I were doing it, I could not quite see myself going to either the mortgage companies or the farmers' organizations and asking whether they thought such-and-such a judge of the supreme court would suit them. I could not quite see myself doing that.

Mr. DIEFENBAKER: Or to the attorneys-general?

Mr. ILSLEY: That is a little different thing. I might do that, but I should not like to give any undertaking.

Mr. DOUGLAS (Weyburn): I think this bill would be immeasurably strengthened if sections 23 to 27 were struck out, this whole provision for appeal to the appellate court. Every appeal that is permitted is bound to increase the expenses of the litigant. Here is a farmer who finds that he cannot meet his obligations when they become due. Before he can file a proposal he must have some assistance, for very few farmers are in a position to set out their affairs in documentary form. Therefore the farmer must hire a lawyer to prepare a brief, which of necessity costs him money. The lawyer acts as his representative and presents the brief to the county court clerk, who is the official receiver. Then it goes to the district court judge. If that judge gives a decision which to the creditor seems unduly generous to the debtor, all the creditor has to do under this section is to appeal. That means the farmer will have to hire the lawyer over again.

Mr. ABBOTT: He does not have to.

Mr. DOUGLAS (Weyburn): Surely the hon. member is not suggesting that the average farmer could appear before the appellate court himself, or that he should merely let the matter rest with the appellate court on the basis of the written decision of the district court judge.

Mr. ILSLEY: I think in most cases he would be better off if he did; I think he would get along better.

Mr. DOUGLAS (Weyburn): If that is the minister's opinion may I make the suggestion that if there is to be an appeal, no counsel be allowed to represent either party before the appellate judge. Let the appeal court decide entirely on the basis of the written brief submitted by the district court judge, and let no counsel appear for either side.

Mr. ILSLEY: I do not think you can deny litigants the right to counsel.

Mr. DOUGLAS (Weyburn): Certainly not; therefore the people who will be able to be represented by counsel will be the creditors; the debtors either will have no representatives there, or they will have to pay legal advisers to go to where the appellate court sits and make their representations, which will mean an additional expense of perhaps several hundred dollars. If the debtor is not in a position to make that expenditure, it means that he might as well throw up his hands in the first place.

Mr. ILSLEY: When these farmers appeared before the boards of review did it cost them several hundred dollars? I did not know that it did; I thought they went there and told their story, and I think that is what they will do when they go before the county court judge. If they have to go before the appellate judge I am quite sure he will listen to them and give them full justice.

Mr. DOUGLAS (Weyburn): I am quite sure he will listen to them, but everyone who is familiar with court procedure knows that the case will be much better presented if the debtor has someone there who is familiar with the law, who can present his case in a much better manner. Consequently he will be handicapped if he has not a legal adviser. This will mean for him and his representative a trip from whatever part of the province he may live in all the way to the appellate court and an appearance there, waiting for his case to come up, with all the expense involved, which will amount to a considerable sum. Then all that is provided in this bill is section 37 under which, if in the opinion of the court there was no reasonable ground for the appeal, the one party may be required to pay the costs of the other party. I should think the chances of that section being brought into effect would be fairly small.

This is what it is going to mean. The farmer will realize that he faces the possibility of two cases, one before the district court judge and the other before an appellate court judge. The likelihood is that, if the first decision is appealed, the debtor will simply throw up his hands, unless he is in a financial position to hire somebody to plead his case. So that I think the minister would be well advised to do one of two things. Of course I should like to see this provision wiped out entirely; but if the minister is going to insist on retaining

the right of appeal, either the written brief of the county court judge, outlining the facts upon which he based his decision, should be the only thing before the appellate court judge or, if legal representation is permitted from both parties, the government should be prepared to supply legal advisers to appear on behalf of either party if they request that the services of such advisers be made available to them. What you are doing at the present time is making this class legislation, discriminatory legislation, because one party cannot afford to make the best possible representation to the appellate court judge and will be handicapped from the very beginning.

Mr. QUELCH: I criticized this provision when I spoke on second reading, because it is placing an expense on the farmer that certainly he will not be in a position to meet, at a time when he is forced to come under the provisions of this legislation. The minister suggests that a farmer might be better off to go without counsel. He knows very well that many of the farmers who are foreigners have a great deal of difficulty in making themselves understood, and even with a lawyer it is hard for them to make their position clear. On the other hand, as the hon. member for Weyburn suggests, if it is better for the farmer to appear without counsel, then make the ruling that both parties, the creditor and the debtor, shall appear without counsel. Someone has said that the provincial government provides counsel where required. Does that cover an appearance before the appeal court? Whether or not that covers the point, this is the responsibility of the federal government, and there is no reason why the provincial government should have to provide counsel in connection with a federal act. I think provision should be made for counsel for these people. I do not know what the legal term is; in the army we called them soldiers' friends when free counsel were provided for soldiers. I think under this measure there should be what one might call farmers' friends, to provide free counsel for these debtors. Allow a rate of so much per diem for all counsel appearing on behalf of the farmers; then lawyers would have to take it and be satisfied with it, even if it were not the normal fee. I do not think any lawyer could very well turn it down; if that were the rate set, he could hardly refuse to take it on the ground that the fee allowed was too small. I think a great injustice will be done if this provision is left as it is now, because it will mean that the farmer will be without counsel, while the creditor will have counsel, and the dice will be loaded against the debtor.

Mr. ILSLEY: That is not so in Alberta, because by provincial legislation the farmer is furnished with legal assistance.

Mr. QUELCH: The federal government will be evading their duty, and relying upon the province to do something that the federal government should do.

Mr. ILSLEY: Why does the hon. member say that it is the duty of the federal government?

Mr. QUELCH: Because it is a federal act.

Mr. ILSLEY: But it does not follow, by any means, that it is the federal government's duty to furnish assistance to one litigant.

Mr. QUELCH: I say it is still the federal government's duty, because the farmer is in that position on account of the failure of the federal government to introduce a sound agricultural policy.

Mr. ILSLEY: That is a little far-fetched, I think.

Mr. QUELCH: I do not think it is.

Mr. BLACKMORE: Not at all; it is very proper and vital.

Mr. ILSLEY: Perhaps we should start on that again and talk about parity prices for a while.

Mr. FAIR: I was going to point out to the minister that the Liberal government is not the only one that permits farmers to be ruined by ruinous prices.

Mr. JOHNSTON (Bow River): It seems to me the minister's statement that he hardly thought it was a federal responsibility because the province of Alberta had made provision for providing counsel—

Mr. ILSLEY: I did not say that.

The ACTING CHAIRMAN (Mr. Golding): Can we stick to the section?

Mr. JOHNSTON (Bow River): We are sticking to it. If we are not, then I do not know what we are talking about.

Mr. DOUGLAS (Weyburn): We are stuck with it.

Mr. JOHNSTON (Bow River): Yes; that is true. It is an unfortunate fact that we are stuck with it. The very fact that Alberta has provided counsel does not relieve us of the responsibility of providing counsel for the other provinces, as a federal responsibility.

Mr. ILSLEY: I did not say that because Alberta had done this it was not a federal government responsibility. I challenged the

proposition that it is a federal responsibility, for other reasons entirely. The dominion parliament comes into this, because only the dominion parliament can legislate in respect of insolvency and bankruptcy. That is the reason why the dominion parliament is involved. This parliament sets up courts. And then it may very well be argued that it has discharged its responsibility. If a provincial government wishes to assist one class of litigants, because their conditions are not as affluent as those of another class of litigants, then I do not see why that is not the responsibility of that province. And that is what they have done in Alberta.

My parliamentary assistant suggests to me that it may be a matter of property and civil rights. These persons are not part of the court. Our courts, which we are setting up, consist of district court judges and an appellate judge. We make the rules upon which they decide cases. Then, if for social reasons, or for reasons which commend themselves to the government or the legislature of a province, that government or legislature wishes to assist one class of litigants, or give them assistance that they do not give another class, surely that is not a matter pertinent to the setting up of a court, or a matter pertaining to bankruptcy or insolvency. I would say it is a matter of provincial policy. I do not know why, because I have not given it much consideration. But the alacrity with which the hon. member for Acadia bounded in to say it was a matter of federal responsibility prompted me to examine his proposition; and I am not convinced.

Mr. CASTLEDEN: Will the minister admit that in one case you have a bankrupt litigant, and in the other case you likely have a corporation or a mortgage company? In this instance the debtor is bankrupt, to start with.

Mr. DOUGLAS (Weyburn): He will be, after this.

Mr. CASTLEDEN: He does not come under the legislation unless he is bankrupt.

Mr. ILSLEY: Insolvent.

Mr. CASTLEDEN: Well, that is practically the same thing.

Mr. ILSLEY: Oh, no; it is not.

Mr. CASTLEDEN: He cannot pay his debts; it is the same thing.

Mr. DIEFENBAKER: I should like to make a suggestion at this point in regard to the sittings of the appeal court. Very much has been made this evening about the cost of proceedings, and the difficulty of securing justice unless both sides are represented by lawyers. Under those circumstances a suggestion in regard to the sittings of the court might not be amiss. No doubt those sittings will be fixed by regulations.

Under the present administration of the Farmers' Creditors Arrangement Act it is seldom that either side is represented by a lawyer. As a matter of fact, the corporations are generally represented by their officials and, so far as the farmer is concerned, it is only in the exceptional case where he is represented by counsel at all. As a matter of fact, the experience of counsel appearing before the board was that the farmer was better off without representation by counsel.

An hon. MEMBER: Oh, oh.

Mr. DIEFENBAKER: Yes, and that answers the argument hon. members to my left are always raising, to the effect that lawyers will act only when they receive payment.

Mr. CASTLEDEN: I did not say that.

Mr. DIEFENBAKER: That is the suggestion being made all the time.

Mr. JOHNSTON (Bow River): And it is pretty nearly right, too, is it not?

Mr. DIEFENBAKER: No, it is not pretty nearly right. All I have to say to the hon. member is this, that if any man in this country has a just action or a just cause of defence, there are lawyers in every province who will undertake his case in order to see that justice is done. Let me say that. It is all very well to regard members of the legal profession as the big boys who represent the big corporations. But the record of the legal profession needs no defence by me to-night. What I have said is merely by way of answer to certain statements made from time to time.

Mr. GRAYDON: The Moose Jaw declaration will have to be revised on that score.

Mr. DIEFENBAKER: My suggestion is this: In Manitoba the appeal court for the province sits in Winnipeg; in Saskatchewan it sits in Regina, and in Alberta it sits in Edmonton and Calgary. It might be costly if the appeal judge were to sit at the seat of the appellate court for the province. My suggestion is that provision be made in the regulations from time to time that at stated periods he shall sit at certain judicial centres. There are twenty-one judicial centres in Sas-

katchewan. I do not know the number in Alberta and Manitoba. In this way the farmers would have the opportunity of appearing personally, if it were necessary for them to do so. A farmer could be present without any unnecessary cost, and he would have an opportunity of hearing personally the arguments advanced by the other side. I feel on the other hand, that unless such a system of sittings is established it may very well be that the cost to the farmer will be prohibitive.

Mr. ILSLEY: I had in mind that the judge would travel and sit at the various places in the province. In fact that was one of the reasons why the court of appeal was one judge, rather than a full court. It would be expensive if the appeal were to the court of appeal of the province. This was suggested in another place two or three years ago, but I opposed the proposal, and that led to the falling by the wayside of certain legislation. But with one appeal judge I do not see any reason why he should not travel.

Section agreed to.

Progress reported.

SUPPLY

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

DEPARTMENT OF TRANSPORT

358. Departmental administration, $408,123.

Item stands.

DEPARTMENT OF NATIONAL REVENUE

183. Customs and excise divisions—General administration, $1,033,725.

Mr. BLACKMORE: This is not quite fair, because it was understood last night that a number of these departments would be left. It is now proposed to bring in more.

Mr. MacNICOL: The agreement was that four would be introduced to-night and one left.

Mr. CRERAR: The understanding was that we would call the other departments to-night and leave one open.

Mr. BLACKMORE: That was not the understanding I got. I must say that when these statements are not made loud enough we cannot hear them at this end of the chamber. I think a member of parliament has a right to hear what is being said and it should be spoken loudly enough that he could hear it. I am strongly opposed to introducing more departments until the others have been taken care of. There are matters that could have been discussed all during the year, and we have not had a motion to go into supply so that we could deal with serious problems. I think there ought to be one or two departments left, because there are plenty of other items to be considered.

Mr. DUPUIS: I agree with what the hon. member for Lethbridge has said. At this end of the chamber it is most difficult to hear what is going on. However, I was sitting in another seat last evening and heard what was said, and it was as stated by the minister. I think the hon. member for Lethbridge should allow this item to be introduced, but in future I think the chairman or other hon. members at the other end of the chamber should speak more loudly, so that we may not be precluded from hearing what they are saying.

The CHAIRMAN: I believe I have a fairly strong voice, and this is the first time I have been asked to speak more loudly. I always speak in a fairly strong tone.

Mr. POULIOT: You have a powerful voice, Mr. Chairman.

Item stands.

Mr. CRERAR: We should like to introduce one more department, which was the understanding last night.

Mr. JOHNSTON (Bow River): Mr. Chairman—

Mr. CRERAR: If my hon. friend will be good enough to sit down while I am on my feet.

Mr. JOHNSTON (Bow River): If you want to get another department introduced, perhaps I can assist you; otherwise, we may object.

DEPARTMENT OF THE SECRETARY OF STATE

324. Departmental administration, $96,826.

Item stands.

Mr. CRERAR: So that there may be no misunderstanding, I may say to my hon. friends that there is another department, the Department of National War Services, still to be brought into supply, so that they may make a motion if they so desire.

Progress reported.

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

Wednesday, July 21, 1943

The house met at eleven o'clock.

PRIVILEGE—Mr. POULIOT

REFERENCE TO ARTICLE IN OTTAWA "CITIZEN" OF JULY 17

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I rise to a double question of privilege, the first one in English and the other in French. In the Ottawa *Citizen* of July 17 the daily columnist wrote thus:

The development of the day indicated that the terrible-tempered Jean-François Pouliot is on the rampage.

I do not object to this, sir; it is a matter of opinion. Then he goes on, making three factual errors in two lines:

Mr. Pouliot opposed the government candidate in Saguenay last winter. . . .

The first factual error is that I opposed no one of the candidates who ran in that county last fall. I opposed no one; I supported one. Then he states that I opposed the government candidate. There was no government candidate there; the government did not give its support to any one of the four candidates in that election. Finally, he mentions Saguenay as the name of the county, when the name is Charlevoix-Saguenay. Then he goes on and says that I aided Mr. Dorion, who was elected as an independent. That is true, and he proved to be one. Then he goes on:

Now, it seems, he is out with a new candidate from Stanstead.

Here is the point I object to, a little further on:

This Stanstead election will be very much of a group affair. There is a racial aspect to it as well.

Well, Mr. Speaker, if the independent candidate who has been chosen by the people of Stanstead were running on a racial issue I would surely not support him, and my record in the house proves very well that I have never indulged in any religious or racial controversies of any kind—either in the house or outside of the house.

Now I turn to French. In *Le Devoir* of Monday last, July 19, I see a report of what has been said by someone.

(Translation): Mr. Speaker, the Monday issue of *Le Devoir* contains a summary of a speech delivered by one Philippe Girard, whom I neither know nor wish to know. The summary of that part of his speech which refers to me is as follows:

Mr. Pouliot has done very good work in Ottawa;—

[Mr. Crerar.]

That is not what prompts me to rise to a question of privilege.

—now, he has been ordered by his leader—

No order has ever been given to me by any one. I have been glad to oblige my colleagues whenever the opportunity to do so arose. Whoever claims that I have received an order from any one in connection with the Stanstead election is uttering a falsehood.

In the second place:

—to go to Stanstead in order to divide the Canadians—

That is another falsehood. I have never sought to divide the Canadians. I have always advocated harmony between French and English speaking Canadians, between the Canadians who are Protestant and those who are Catholic and even those of the Jewish faith.

A third falsehood is this:

—and he has selected as independent candidate Mr. Martin, who, four days previously, had told Mr. Choquette that on no account was anything to be done to divide the French Canadians.

It is odious for a man to utter such falsehoods in public. It is not true at all that I have selected Mr. Martin. I have never selected any one. I have no more selected Mr. Martin as independent candidate in Stanstead than I have selected Mr. Dorion as independent candidate in Charlevoix-Saguenay, but, for one thing, I am sure that Mr. Martin, like Mr. Dorion, will be elected in Stanstead against any opponent.

JAPANESE TREATY ACT

REPEAL OF STATUTE OF 1913

Hon. L. S. ST. LAURENT (Minister of Justice) moved for leave to introduce Bill No. 137, to repeal the Japanese Treaty Act, 1913.

Mr. GRAYDON: Will the minister explain?

Mr. ST. LAURENT: A treaty of commerce and navigation was signed between the United Kingdom and Japan on April 3, 1911, and it was adhered to by Canada. The Japanese Treaty Act, 1913, was adopted in that year, declaring the treaty to have the force of law in Canada. A notice, in accordance with the terms of the treaty, to put an end to it was given on July 26, 1941, and according to the terms of the treaty this notice would have become effective on July 26, 1942. In the meantime war was declared between Japan and Canada, and according to the principles of international law the effect of the treaty came to an end with the declaration of war. But the statute is still on the books, and this is a one-line bill to repeal the statute which gave force of law to that treaty in Canada in 1913.

Mr. CHURCH: Have similar trade treaties with Italy, Germany and other axis powers been repealed?

Mr. ST. LAURENT: It is not to my knowledge that there is any legislation giving the effect of law to treaties with Germany and Italy.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall the bill be read a second time?

Mr. ST. LAURENT: Later this day.

Some hon. MEMBERS: Now.

Mr. GRAYDON: No one has had a copy of the bill. I would think it a most unusual request to ask hon. members to deal with any legislation where a copy has not been provided for them, and I object to it.

Mr. MACKENZIE KING: It is only one line.

Mr. GRAYDON: The principle is the same, surely, whether it is one line or a hundred lines.

Mr. ST. LAURENT: Later this day.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FOURTH VICTORY LOAN

Mr. HAZEN:

1. Were any subscriptions to the fourth victory loan made by "individuals" or "non-individuals" residing or having their head offices outside of Canada?

2. If so, how much was subscribed, (a) by these "individuals"; (b) by these "non-individuals"?

3. In what countries did they live or have their head offices?

Mr. ABBOTT: I spoke to the hon. member who asked this question and explained that to give a complete answer would involve an examination of 2,669,000 application forms in respect of the last victory loan. I understand that under the circumstances he is willing to drop the question.

Mr. HAZEN: The parliamentary assistant to the Minister of Finance spoke to me about the difficulty of answering this question. If you will permit me, Mr. Speaker, I think the minister will agree with me when I say that we do not want our war loans to be made outside of Canada to any greater extent than necessity compels, and that some method should be devised of keeping track of these loans and knowing where they are being made. If the question results in some system by which a record can be made so that we shall know who are taking up these loans, I think it will have furthered its purpose.

Question dropped.

ARMY TECHNICAL DEVELOPMENT BOARD

Mr. ADAMSON:

1. Who are the director-general and deputy director-general of the army technical development board?

2. What are the technical qualifications of each?

Mr. MACDONALD (Halifax):

1. Director-General, Mr. J. E. Hahn; Deputy Director-General, Mr. J. H. Crang.

2. Of Mr. J. E. Hahn are: Educated, university of Toronto and Osgoode Hall; served in France as brigade major, 11th Canadian Infantry brigade in great war; successful manufacturer of electrical instruments, foundry products, machine guns and rifles.

Of Mr. J. H. Crang are: two years at Technical School, Toronto; two years at Upper Canada college, Toronto; artillery officer in Canadian militia for many years; assistant director of artillery, Ottawa, June to November, 1942; intimate knowledge of firearms acquired over the last thirty years; for considerable time closely associated with manufacturing concerns producing steel products.

CANADIAN ARMY—ORDNANCE

Mr. ADAMSON:

1. Who is the C. O. and second-in-command of the ordnance training centre?

2. What are the technical qualifications of each?

Mr. MACDONALD (Halifax):

1. The C.O. is Colonel A. E. Duncanson, D.S.O., V.D., A.D.C. The second-in-command is Major (acting Lieutenant-Colonel) R. G. Peat.

2. Technical qualifications of Colonel Duncanson are: Served overseas in Great War as brigade major. Served in present war as A.Q.M.G. of one of the operational divisions of the army in Canada; studied civil engineering in University of Toronto.

Of Major (acting Lieutenant-Colonel) Peat, are: Enlisted in great war as private and rose to rank of captain in the British army. Saw service in France with a Highland infantry unit. In present war served 1940-41 as an officer in the Royal Hamilton Light Infantry. Edinburgh University (graduated 1923) C.S.E. degree; member, Royal Assn. Engrs. (Scotland); member, Royal San. Assn. London (Eng.).

Mr. ADAMSON:

1. How many of the district ordnance officers are qualified engineers?

2. How many ordnance officers on the stores side of the R.C.O.C. have obtained the rank of, (a) colonel; (b) brigadier?

3. How many ordnance officers on the engineering and mechanical side have obtained the rank of, (a) colonel; (b) brigadier?

4. How many officers of the R.C.O.C., (a) engineering side; (b) stores side, have been given the Canadian war staff course?

Mr. MACDONALD (Halifax):

1. Nil.

2. In Canada and overseas on the stores side (including administration, provisioning, salvage, storekeeping and accounting): (a) 17; (b) 5.

3. In Canada and overseas on the engineering and mechanical side (including mechanical maintenance and mechanization): (a) 9; (b) 1.

4. From Canada and overseas, on the engineering and mechanical side, (including mechanical maintenance and mechanization): (a) 2.

On the stores side (including administration, provisioning, salvage, storekeeping and accounting): (b) 8.

CHRISTIE STREET HOSPITAL—PROPOSED ADDITIONAL BUILDINGS

Mr. BRUCE:

1. What are the names of the four medical officers representing the defence services and the Department of Pensions and National Health, respectively, who made a special investigation as to the suitability of Christie Street hospital site for further additional hospital buildings?

2. What position does each of these officers hold in their respective departments?

3. What qualifications has each of these officers to make a comprehensive report upon the whole situation?

4. Did they, in writing or orally, give their reasons for the decision arrived at?

5. If so, what were these reasons?

6. How many sites did they investigate?

7. What were these sites?

8. Did they investigate the Trinity college property on Queen street, Toronto, as a possible suitable site?

9. If so, did they consult the authorities of the city of Toronto as to the possibility of securing it?

10. Did these officers investigate these sites as a group or individually?

11. Did they make a recommendation to the minister in writing to which each appended his signature?

12. Did they all make a verbal recommendation?

13. Did one make a recommendation for the others and, if so, which one?

Mr. MACKENZIE (Vancouver Centre): Stand.

Mr. BRUCE: When may I expect an answer to this question?

[Mr. Adamson.]

Mr. MACKENZIE (Vancouver Centre): I asked that the question stand.

Mr. BRUCE: I may say that yesterday I was promised answers to the other questions. I received only one.

Mr. MACKENZIE (Vancouver Centre): Mr. Speaker, all the questions asked by the hon. gentleman have been answered by orders for returns, so far as I know.

Mr. BRUCE: No; there is one affecting the minister's department, and another affecting the Department of National Defence, asked on July 14, which have not been answered.

Question stands.

PROSPECTING FOR OIL IN NORTHERN ALBERTA

Mr. HANSELL:

1. Was any prospecting for oil carried on in northern Alberta or northern British Columbia at government expense during the fiscal year ending March 31, 1943?

2. If so, what was the extent of the prospecting?

3. Was any other work carried on in the same area in respect of search for oil development or production during the fiscal year ending March 31, 1943?

4. If so, who were the parties, engineers or others taking part in, (a) prospecting; (b) any other work in respect of search, development or production?

5. What was the total cost of such prospecting or development for the fiscal year ending March 31, 1943?

Mr. CRERAR:

1, 2 and 3. See answer to question No. 4.

4. (a) None. (b) (i) Geological surveys of potential oil areas in northern British Columbia were made as given below:

Heads of Parties—Nature of Work:

J. S. Stewart—Examination of structures at Commotion Creek and supervision of geological work on oil structures in Peace River area of British Columbia.

H. H. Beach and J. Spivak—Study of stratigraphy and structure of rocks on both sides of Peace River, west of Hudson Hope in search of favourable oil structures.

H. H. Beach—Investigation of reported oil seepages in British Columbia and Yukon, near Watson Lake.

R. T. D. Wickenden and G. Shaw—Study of stratigraphy and structure of the rocks near Commotion creek in search of favourable oil structures.

F. H. McLearn and J. F. Henderson—Study of stratigraphy and structure of rocks in Monkman Pass area in search of favourable oil structures.

(ii) Topographical surveys as basis for later geological work were made by the following heads of parties in the areas shown:

Heads of Parties—Areas: J. W. Spence, Commotion creek; M. E. Nidd, Mount Hulcross; J. V. Butterworth, Bullhead mountain; W. B. Dingle, Chinaman lake; R. J. Parlee, Dunlevy creek.

(iii) Drilling of portions of the bituminous sand deposits of northern Alberta was carried out by Consolidated Mining and Smelting Company of Canada, Limited to provide information on the tonnage available and on the quality of the material. Eleven holes with a total footage of 1,682·8 feet were drilled by the company in the Wheeler Island-Susan Lake area and twelve holes with a total footage of 1,445 feet were drilled in the Steepbank river area. Two of the latter holes were drilled through gravel overburden only and three were abandoned due to broken augers. An interim summary report by the company on its work to January 31, 1943, was tabled in the House of Commons on April 14, 1943.

Mr. S. C. Ells, engineer of the Department of Mines and Resources, was on the ground as an observer.

5. $47,534.45. In addition, there has been disbursed since March 31, 1943, on account of the bituminous sand operations an amount of $76,831.14 and accounts for approximately $9,000 have still to be adjusted.

REDISTRIBUTION—REPRESENTATIONS OF PROVINCES WITH RESPECT TO POSTPONEMENT

Mr. MACKENZIE KING: Before we leave questions, Mr. Speaker, yesterday I was asked by the hon. member for Richelieu-Verchères (Mr. Cardin):

Have any representations been made to the federal government by any provincial authority, outside of the province of Quebec, with regard to the deferment of the redistribution to be based upon the last decennial census? If such representations have been made will they be tabled before the session is brought to a close?

I would make the following reply to the hon. member. I am informed by the Secretary of State's department, which has communicated with other departments of the government, that the only representations received from any provincial government other than Quebec are contained in a letter from the premier of Saskatchewan, which letter is dated June 22 and which I table herewith. Representations similar to those of the premier of Saskatchewan in the correspondence tabled herewith were made to me personally by the premier of Manitoba, Hon. Stuart Garson, on the occasion of one of his visits to Ottawa.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN FORCES—TRAVEL WARRANTS

Mr. FRASER (Peterborough West):

1. What department of the government issues the cheques in payment of travel warrants or other warrants for the Canadian army, navy and air force in Canada and in Great Britain?

2. When the warrants are presented by taxi, bus or railway companies is payment made at once?

3. If not, what is the reason for the delay?

SELECTIVE SERVICE—PLACEMENT SPECIALISTS—TRAVELLING SUPERVISORS

Mr. FRASER (Peterborough West):

1. In local offices of national selective service, how many specialists in placement and job analysis work are presently employed?

2. What is the name of each of such persons?

3. What experience has each of such persons had and where was each previously employed?

4. In what office is each presently employed?

5. How many local offices of national selective service are assisted and guided by travelling supervisors and advisers on staff training?

6. Is each of such persons presently attached to such local offices?

7. What is the name and what is the previous experience of each of such persons?

8. To what local offices is each of such persons presently attached?

9. What is the name of the committee which prepared the list of occupations covered by the compulsory transfer order of national selective service of May 4, 1943?

10. Who comprises said committee?

CANADIAN ARMY—PROPORTION OF HIGH RANKING OFFICERS

Mr. ROSS (Souris):

1. What was the total number of officers, non-commissioned officers and men on active service in Canada's army as of June 1, 1918?

2. Of the said number, how many were generals, lieutenant-generals, major-generals and brigadiers?

3. What pay and allowances were those mentioned in No. 2 entitled to receive?

4. What is the total strength of Canada's army on active service, (a) overseas; (b) in Canada?

5. Of the above number, how many are generals, lieutenant-generals, major-generals and brigadiers?

6. What pay and allowances are each of those mentioned in No. 5 entitled to receive?

7. How many of those mentioned in No. 5 are in Canada and how many are not in Canada?

8. How many of those mentioned in No. 5 belonged to the permanent force prior to this war?

Mr. MACDONALD (Halifax): Order for return, with the reservation that is always made that the exact strength of Canada's army is not to be disclosed.

MUNITIONS AND SUPPLY

FERGUSON SHIPBUILDING YARD—CESSATION OF WORK ON PARTLY COMPLETED TUGS

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I should like to direct a question to the parliamentary assistant to the Minister of Munitions and Supply. On July 12 I sent notice to the minister that I intended to ask a question with reference to the Ferguson shipbuilding yard in Nova Scotia, where work had ceased on two tugs which were partly completed, though ninety-three per cent of the material necessary for the completion of those tugs was in the yard. My information now is that some eighty skilled men at that plant are not working and that the yard is not being used. The minister stated that these partly completed tugs were to be shipped to Montreal, together with the material for their completion, but that has not been done. The minister's statement to the effect that the total expenditure there would be some $60,000 for each tug was incorrect; the target price set for each of these tugs was some $275,000.

Some hon. MEMBERS: Order.

Mr. GILLIS: I have waited since July 12, thinking the minister might be back any day, but now I would ask the parliamentary assistant to check up on this matter, which is serious and important, and to make a statement on the situation there some time before the house rises.

Mr. LIONEL CHEVRIER (Parliamentary Assistant to the Minister of Munitions and Supply): I shall be glad to look into the matter to which the hon. member refers and to see that he gets a reply before the house rises.

DOMINION ELECTIONS

CARTIER BY-ELECTION—ALLEGED IRREGULARITIES—STATEMENT OF THE SECRETARY OF STATE

On the orders of the day:

Hon. N. A. McLARTY (Secretary of State): I should like to make a statement in connection with the matter raised yesterday by the hon. member for Rosetown-Biggar (Mr. Coldwell), and which was discussed in this house.

There has not been time thus far to make a sufficiently lengthy inquiry to determine the accuracy of the various affidavits referred to by the hon. member for Rosetown-Biggar, and into the material he adduced to support his statement relating to the enumeration carried on in the constituency of Cartier-Montreal. The government has felt, however, that it has a duty to take immediately such steps as should serve to remove all doubt and allay all suspicion as to the fair and honest conduct of the election to be held on August 9. It is essential that such steps be taken without delay.

The present returning officer of the constituency was appointed on September 29, 1938. He consequently acted in the election of that year in which the late Mr. Bercovitch was returned as a member of this house. It is true that Mr. Bercovitch ultimately received an acclamation but of course that could not be safely anticipated, and the result was that the returning officer was required to perform practically all the duties requisite to the holding of an election, just as much as if an election had actually been held. The same returning officer acted in the election in 1940, and also in connection with the vote taken on the plebiscite. The chief electoral officer advises me that no complaint whatever was received as to the manner in which he carried on his duties on any of the three occasions.

However, the hon. member for Rosetown-Biggar indicates that in this election the present Liberal candidate is the uncle of the returning officer. To avoid any suspicion, however unwarranted, that this might give rise to, the chief electoral officer suggested that the assistant chief electoral officer, Mr. Donald Stewart, be appointed at once as supervisory officer and perform the necessary supervisory duties in the constituency until after the election has taken place. The government immediately accepted the suggestion, and Mr. Stewart will assume, in the name of the chief electoral officer the administrative control of the by-election.

The chief electoral officer has also recommended that it would be inadvisable to have a completely new enumeration. There are two principal reasons for this: In the first place it would inevitably delay the election beyond the time fixed for the return to the writ. But a much more serious objection is that enumerators' cards are delivered to each voter at the time the enumeration is made. These cards in most instances are taken by the elector to the polling booth for presentation to the deputy returning officer. It would consequently, in order to avoid confusion, be necessary in the event of a new enumeration to endeavour to collect in all the cards which are presently issued. This would be a very lengthy and in many cases an impossible task; but, unless it were done, it would result in a wide measure of confusion.

The material tabled by the hon. member for Rosetown-Biggar refers to only a limited number of subdivisions—approximately ten out of a total of 169 in the riding. He stated

that this was the result of a very limited check. The government has felt, however, that in view of the conditions disclosed and the allegations made a thorough and complete examination of the whole riding should be made immediately.

In order to effect this and allay any possible suspicion, the chief electoral officer has recommended the appointment of supervising enumerators who will make a thorough house to house check up of the enumeration in each polling division. These supervision enumerators would consist of two for each division.

All members are aware that under the provisions of the Elections Act the returning officer shall give notice to the candidate who at the last preceding election in the electoral district received the highest number of votes and also to the candidate representing at that election a different and opposed political interest who received the next highest number of votes. Unfortunately that rule cannot be applied in this riding as the candidate receiving the second largest number of votes is now serving in the forces overseas and he did not represent any cohesive body of political opinion. The action which it is proposed to take in the emergent condition that now exists should not be deemed to be any precedent that could be cited as in any way abrogating the general rule hereafter unless, of course, where the circumstances are identical with the emergent situation presented in this instance.

The fairest and most advantageous method would, however, under the existing circumstances, appear to be that one of the enumerators should be nominated by the government candidate, and those representing the opposed political interests should nominate one and, as there are two opposition candidates, each should nominate one-half of the opposition enumerators.

Each supervising enumerator will be sworn to the faithful performance of his or her duties on the special form prescribed by the chief electoral officer. They will commence their duties on Thursday morning, July 22, and complete them by Saturday night, the 24th instant.

Whenever such supervising enumerators discover that unqualified or fictitious persons have been included on the enumerators' preliminary list which has been printed and distributed, it will be their duty to prepare an affidavit in form 13 of the Dominion Elections Act and swear such affidavit before the appropriate revising officer. The affidavit attacking the qualifications of the elector in question shall be dealt with by such revising officer during his regular sittings for revision which are scheduled to be held on Monday, Tuesday and Wednesday next at places already advertised by the returning officer Whenever in the case of the house to house check-up it is discovered by the supervising enumerators that a name of a duly qualified elector has been omitted from the list, it shall be their duty to prepare and subscribe to a sworn application in the form No. 15 of the Dominion Elections Act on behalf of such elector and deliver the same to the assistant chief electoral officer who in turn will present it to the appropriate revising officer.

In the event of any disagreement between the supervising enumerators with regard to inclusion of a name on the list of electors, it is to be reported to the assistant chief electoral officer who shall decide the matter.

Arrangements have already been made for the appointment of additional revising officers for each revisal district by the ex officio revising officer and such additional revising officers will sit in the revisal offices already set up by the returning officer.

The chief electoral officer advises that if the above mentioned steps are taken forthwith, in his opinion any and all inaccuracies on the enumerators' preliminary list can be dealt with by the revising officers as prescribed in the elections act and the finally revised list for each polling division, when reprinted, should accurately set out the names of the electors who are duly qualified to vote at the pending by-election.

Time has not allowed the necessary investigation into the culpability of the enumerators who prepared the lists which were referred to by the hon. member for Rosetown-Biggar. It is, of course, possible that in some instances the fact that they receive seven cents for each name enumerated proved too much of a temptation to be resisted. But while this may afford an explanation it does not in the least provide any justification.

The house can be assured that the investigation will be thorough and complete and that the penalty clauses in the elections act will be applied. Four enumerators have been discharged and payment of their remuneration withheld. Pitiably small, you will say—and it is. But in fairness to the returning officer it must be stated that under the act this is the limit of his jurisdiction.

However by subsection 18 of section 17 of the elections act it is provided that.

. . . "any enumerator who, wilfully and without reasonable excuse, includes in any list of electors prepared by him the name of any person whose name he has not good reason to believe should be included, or omits to include in such list the name of any person whom he has good reason to believe has the right to have his name included, shall be guilty of an offence punishable on summary conviction as in this act provided."

This section must be and will be applied by the appropriate officers of the law against any whom investigation reveals are guilty of its breach.

Confidence in the honest and correct functioning of electoral machinery is fundamental in a democracy both in peace and war.

The steps which I have just outlined should remove any doubt and allay any suspicion from the minds of those who wish to see the elections in this country conducted fairly and honourably. Every step is being taken by the government to ensure that this result is attained.

Mr. GRAYDON: I should like to ask the Secretary of State two questions, with a view to clarification of the statement he has made. First, are the new arrangements for the supervision of enumerators, which he has given in some detail to-day, possible under the provisions of the Dominion Elections Act?

Mr. McLARTY: I am advised by the chief electoral officer that provision is made that in the case of emergency the chief electoral officer may take such steps as may be necessary to remedy the situation.

Mr. GRAYDON: The minister has spoken about representation in respect of enumerators, by parties other than those which would normally have representation. He speaks of those who are in the field. I presume until the actual final nomination has taken place, no one is officially in the field so far as the election is concerned.

Mr. McLARTY: That of course is quite true, and a fact which presents an additional difficulty. But under the circumstances we are trying to make the best of what might be regarded as an unfortunate situation, and we thought that this was the only fair way in which we could do it and see that representation was given to the opposing parties. If they were appointed by the same individual it would certainly be open to the suspicion that perhaps this is not as fair as it should be. This was the only solution we could find which seemed to present the possibility of being fair. If it were otherwise, of course, we could not have the enumerators because until August 2, we would not know definitely who would be candidates.

Mr. MacINNIS: May I be permitted to thank the government for the quick and what would appear to be the adequate action taken by it in this matter. I should like to ask only one question: Has the minister or the government given any consideration to a matter referred to yesterday, namely that of having voters produce their registration cards before voting?

Mr. McLARTY: Some thought was given to that, but it was felt that it might produce a great deal of difficulty. I recall, as no doubt my hon. friend does, the debate we had in connection with the plebiscite, when the necessity of producing registration cards was discussed. I believe at that time his leader took a definite and final stand against the necessity of doing so. It seems to me that while we are taking all these steps to meet an emergent condition, we should not try to make any new law. If a provision such as that is to be inserted in the Dominion Elections Act, then it should be nation-wide, and not limited to one particular constituency.

Mr. MACKENZIE KING: The hon. member will recall that yesterday the hon. member for York West (Mr. Adamson) took strong exception to having registration cards produced. He gave reasons which, while they did not appeal to the house, would I am sure help to nullify the value of the suggestion made to the effect that registration cards should be produced.

Mr. GRAYDON: May I say to the Prime Minister that that is an unusual basis for his observations, because the hon. member for York West actually pointed out that registration cards could be purchased in certain areas in Canada. I should hope the Prime Minister's position would not be interpreted—I know he does not wish that view to go out, and that is the only reason I raise the point—as recognizing a condition of the kind which would make it impossible to carry out the proposal of the hon. member for Vancouver East in connection with voting arrangements.

Mr. MACKENZIE KING: I have just said I did not think the statement by the hon. member for York West had appealed to the house. It certainly did not appeal to me. The hon. member being a member of a political party in the house, and having raised that point, I fear had the government gone ahead and required the production of registration cards, there are some persons who would immediately have placed a wrong interpretation upon the government's action in so doing.

CANADIAN ARMY

HOME DEFENCE PERSONNEL—AGRICULTURAL LEAVE—PRISONERS OF WAR

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, yesterday I gave notice to the

Parliamentary Assistant to the Minister of National Defence that I intended to ask a question to-day in connection with the indicated shortage of farm man-power for harvest purposes. Having regard to the many thousands of men whose services could be utilized for farm purposes during the harvest season, these men being in the home defence army, what changes, if any, are contemplated in connection with the procedure whereby service men may secure leave? To-day the procedure is so involved as to render very difficult the possibility of men, who could render a real service on the farm during the harvest season, securing leave. I believe agriculture generally would like to have a statement so that the position may be clarified.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, I had notice of what my hon. friend asked yesterday, and I am going to give the house a brief outline of what has been done. I want to correct the expression which has been used so frequently in this house and elsewhere. My hon. friend speaks of the men in the home defence army. There is no such thing in Canada as a home defence army. There is the active army in Canada which has in it a certain number of personnel who have been called up for service in Canada and the territorial waters thereof, but there is no such body of men which could be taken and posted to home agricultural work. The active army includes general service men as well as the home defence men, so called. They are all intermingled in the different units. These home defence personnel are part of the active army in Canada and are to-day serving on the coast defences, on the searchlights, on the anti-aircraft guns all over this country. I indicated in my speech to the house that there were in numbers about a division on anti-aircraft work alone. So-called home defence personnel are in the establishments in Newfoundland, in the Bahamas, in the West Indies, in South America—that is to say in British Guiana—in Alaska and in Labrador. My hon. friend talks about a home defence army which might be turned over to agricultural avocations. As I have said, there is no army made up of these, so-called home defence personnel. They are all mixed up together in the different units. To pull these men out would mean completely breaking down of units which are now engaged on duties which the chiefs of staffs, in collaboration with the chiefs of staffs in the United States, have indicated are necessary in order that we may be prepared for what eventualities may arise.

The question of the size of the army is always a matter for consideration and is always under review, but let no one think that somewhere there are men who are just simply walking around doing nothing. The home defence personnel are either on operational duties in Canada, both on the east and west coast—there is one group of men located at vulnerable points in central Canada —or are part of the home war establishment which is servicing the army in Canada and also servicing those men who are training in the training centres as reinforcements for overseas. That is a little different picture from what is perhaps in the public mind. I expressly pointed out the other day that in the training centres, not as home defence establishment but for reinforcements overseas, there are something like fifty or sixty thousand general service personnel. The members of this home defence personnel are needed to replace general service men in the various operational units in order that these general service men may either be retrained for some particular arm of the service for which overseas reinforcements will be required so that they may be sent directly overseas if they are already trained in a suitable arm.

When I spoke on the war appropriation I indicated that the army programme requires that the general service men who are here be made available for overseas. As I told the house when speaking on the defence estimates, one of the purposes of calling men up at the present time is so that they may release the general service men from their duties in Canada. I want to make that clear; I want to emphasize it if I can, because there does seem to be an impression throughout the country that somehow or other there are home defence men who are just standing around not serving any useful purpose. I say that they are serving one of the purposes for which they are particularly required. They are taking the place of men who are going overseas and they are necessary so long as the defence requirements of Canada are to be maintained, as at present advised.

I sympathize with my hon. friend when he says that there are a number of regulations with regard to leave for compassionate purposes. There is the compassionate leave provision whereby a man may get leave provided undue hardship exists on the particular farm in connection with his own family. That provision has been in force and has been invoked by national defence headquarters which have had to deal with many applications. The other agricultural leave was the subject of a circular letter dated July 5, 1943, which I shall table The hon. member for Fraser Valley (Mr

Cruickshank) asked me about this some time ago and I sent him a copy of this circular. It provides for agricultural leave for harvesting somewhat along the same lines as the leave which was provided for seeding.

Mr. DIEFENBAKER: Does it provide the procedure?

Mr. RALSTON: It provides the procedure as well. I will table a copy for the information of my hon. friend. Hon. members may hardly credit this, but for at least four days, or perhaps longer, we have been having discussions and conferences with the Department of Labour and national selective service in an endeavour to meet this situation from the army, either by way of further leave or by way of detachments. Proposition after proposition and suggestion after suggestion have been made and gone over and found to be impracticable from one point of view or another. Only this morning I gave my approval to a plan which I think will work and which is just now being vested with the Department of Labour. I think it will assist the situation materially. I am not going to state its terms because there have been so many conferences and discussions with regard to it that I prefer to see it definitely settled before anything is said.

Mr. JOHNSTON (Bow River): Would the minister put that letter with regard to agricultural leave on the record?

Mr. RALSTON: It is a page and a half of single typing and I did not want to take the time. I will supply every hon. member with a copy if desired.

Mr. DOUGLAS (Weyburn): The minister could give it to *Hansard*.

Mr. RALSTON: If the house is agreeable, I will place it on *Hansard*.

Some hon. MEMBERS: Agreed.

Mr. RALSTON: The letter reads:

G.O.C.-in-C., Atlantic Command,
G.O.C.-in-C., Pacific Command,
All D.Os.C.,
Commander, Petawawa Military Camp,
Commander, Camp Borden Military Camp.

Agricultural leave—harvest, 1943.

It has been decided that harvest leave may be granted to such personnel of the army as can be spared, subject to the following conditions:

2. Harvest leave may be granted under the conditions outlined below to personnel of the Canadian army (including members H.D.) serving in the following formations and units:

(i) Personnel on the strength of H.W.E. district depots. The number granted leave to be at the discretion of the D.O.C. concerned.

(ii) Other personnel on the strength of district depots less those awaiting dispatch to basic training centres and those awaiting allocation after completing advanced or trades training.

(iii) Personnel of veterans guard of Canada who have completed individual training and who can be spared from the duties on which their units or detachments are employed.

(iv) Personnel of units employed on operational duties less those earmarked for overseas service. Number granted leave to be at discretion of the G.O.C.-in-C. and D.O.C. concerned, but not to exceed 5 per cent of the strength of the unit concerned. Such personnel must have completed individual training before being granted leave.

3. The general conditions under which leave for harvesting may be granted to such personnel are as follows:

(a) Leave will not exceed six weeks duration and may be cancelled at any time.

(b) Pay, subsistence, travelling allowance, or other allowances of any kind will not be issuable during this special leave.

(c) Soldiers will not be entitled to medical or dental attention, hospitalization or compensation due to illness, injury or death while on leave.

(d) Only soldiers who have experience in farm work are eligible.

(e) Harvest leave will be limited strictly for the purpose its name implies.

4. (a) The provisions of R.O. 1935, para. 7 (a) are not to be applied for the grant of harvest leave to personnel in operational units who are ineligible for harvest leave under the provisions of this order.

(b) The provisions of R.O. 699 (2) and (3) will not be prejudiced by the granting of this leave.

5. The period during which personnel will require such leave will vary considerably in different parts of the country, depending on the advance of the season and weather conditions. However, all personnel must be returned to their units not later than 31 Oct., 43.

6. The number of men granted leave at any given time will be at the discretion of general or district officers commanding concerned, who will ensure that the number who may be granted leave is limited so that the strength of units will not be unduly depleted.

7. (a) Application will be made by the soldier concerned to his commanding officer, who, if he approves, will forward same for decision to the general or district officer commanding concerned.

(b) The conditions governing such leave are to be issued in writing to the soldier before proceeding on leave, and the address where he is to be employed is to be entered on his furlough form.

H. F. G. Letson,
Major-General,
Adjutant-General.

As I say, I prefer not to make an announcement about this further plan, which my officers have been working on, until it has been definitely settled. I have mentioned compassionate leave, and I have mentioned agricultural leave, and I have mentioned the further consideration which has been given to the matter in an endeavour to meet the situation as far as possible by providing such

men as we can spare for the purposes of harvest activities. Demands have been made on the army such as have been made on no other organization in the country. There has been no such demand made upon industry, comparatively speaking. The army seems to have been considered an inexhaustible pool from which men may be obtained. Those men who are not located on the east and west coasts are in the training centres where they are necessary in order that we may have reinforcements to send overseas. Therefore it would be difficult to supply detachments of men in the central part of Canada.

I think I should mention further that we have cooperated with the Department of Labour in connection with supplying prisoners of war for special agricultural work. The house should not be surprised if it hears of the odd escape of a prisoner of war. I hope that questions will not be asked in the house about it and that it will not be regarded as a major international incident. That has almost been the attitude in connection with some prisoners of war who have temporarily escaped in the past. We feel that the situation is such that we have to do the best we can with the facilities which we have for guarding. Men are now being provided at places where it is not so easy to guard them. Where you must have one man for one prisoner you will not be saving anything in man-power. So that we have to do the best we can. In some cases the Department of Labour is assuming responsibility, and in some cases we are assuming it.

The house will be interested to know that as of June 3 there were 5,450 men on leave from Canadian active army for agricultural assistance, either by way of compassionate leave or agricultural leave. That is not counting all the men who have been granted leave in the districts without reference to headquarters, or the men granted leave under the 5th of July circular.

Mr. ADAMSON: With reference to the statement made by the Minister of National Defence regarding prisoners of war, I appreciate the difficulty he is going to run into. May I suggest that he give some comparison with the number of prisoners of war that we have been able to get out of Germany. Only one prisoner of war has actually escaped from Canada, and that is a very creditable record.

Mr. RALSTON: That prisoner of war did not escape from camp—

Mr. ADAMSON: No; he did not escape from camp.

Mr. RALSTON: —but from the train.

Mr. ADAMSON: The minister might give a statement as to the number of Canadian prisoners who have escaped from occupied Europe.

ONTARIO ELECTION

INQUIRY AS TO ARRANGEMENTS FOR VOTING BY MEMBERS OF RESERVE ARMY IN CAMPS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I want to ask the Minister of National Defence for the Army a question. It relates to the disfranchisement of two thousand men of the reserve army in military district No. 3, Kingston, although many men of the reserve army belong to No. 1 or No. 2 district, and in other parts of Ontario. The minister made a statement yesterday about this matter. These men and others are sure to be disfranchised on the 4th of August unless the minister takes action to postpone their departure to camp beyond next Sunday, July 25. Nomination day is only two days afterwards, and I suggest that there should be a postponement of the camp for a week and then the soldiers can vote by proxy or at an advance poll. I should like to know what the minister has done. I do not want to move the adjournment of the house to discuss the matter, but two thousand soldier civilians in the reserve army are surely going to be disfranchised unless the camps are postponed for a week.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, this matter was brought up yesterday by the leader of the opposition (Mr. Graydon) and I intimated then that I would have an examination made of the act to ascertain whether or not these men came within the provisions of the act in regard to soldiers voting. The advice that I have received is that the act does not cover them. Therefore it is simply a matter of the men losing their votes or having the Department of National Defence make some adjustment in the absence of any provision in the act.

We have gone into the matter very carefully. You cannot simply postpone a camp of 2,700 men for a week after they have made all their arrangements with their employers and their domestic arrangements. It is not that the department has any hesitation about postponing the camp. We would gladly postpone it on twenty-four hours' notice, but we have to think of the business men—and there are a great many business men in the reserve army—who have made arrangements to leave at a particular time. We have not had one request from any business man

or from any man in the ranks of the reserve army with regard to postponing their departure for the camp. Nevertheless there have been requests on both sides, and I do not want to be a party to anything, if I can possibly avoid it, which will make it more difficult for the men to exercise their franchise at an election, dominion or provincial. We have gone into the matter fully. In regard to the suggestion that we postpone the camp, we cannot postpone it so as to make it extend beyond the original termination date which is I think August 18, for the reason I have mentioned, namely, that the men have made their arrangements with their employers and their domestic and personal arrangements with regard to leave, and we therefore have to have the camp within the dates fixed because everybody has made his arrangements accordingly. If we delayed the opening of the camp until after the time for voting at the advance polls—it is not a vote by proxy but an advance poll vote—we would have to wait until after July 31, because we are advised that the advance polls will not be ready until after July 31, and that would leave one bare week before the termination date for the men to get to camp, do their training and leave to go back home. Instead of that we have decided to open the camp on the day fixed and to readjust the syllabus of training, taking into account a week-end and doing intensive training on Saturday and Sunday, which was not anticipated, in order to put in nine days' training and complete the adjusted syllabus of training on August 3, when the men can leave the camp and be back home in time to vote.

Hon. members will understand that every man who is going to a reserve camp does not have a vote. There are many boys of from seventeen to twenty-one years of age who go to the camp. In addition therefore we are giving consideration to seeing if we cannot have a special syllabus for the remainder of the days which were to be spent in the camp, for the benefit of them and any others who may want to take advantage of it. In the result this adjustment means that the men can carry out the business and domestic arrangements which they have made with respect to leave; they will still be able to vote and they will be able to complete the adjusted camp training which will be prescribed.

Mr. GRAYDON: The changes that have to be made with respect to the national defence department apparently arise from the fact that the Ontario Elections Act does not provide any means by which a vote can be taken in camp.

[Mr. Ralston.]

Mr. RALSTON: There is no provision in the Ontario Elections Act for voting by the reserve army. It is only for men who are on active service, and the Ontario election authorities have ruled that the reserve army is not included.

DISTRIBUTION OF PROXIES

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I have another question, not exactly on the same subject but on one similar to it, with respect to the distribution of proxies to the men in the army camps outside the province of Ontario. Has the Department of National Defence made any arrangements with the commanding officers of the different units to see that the proxies are distributed and put into the hands of the Ontario voters in the various camps across Canada?

Hon. J. L. RALSTON (Minister of National Defence): Instructions went out to all commanding officers to cooperate fully with the election officers in this matter. The election officers have been in touch with the adjutant-general, who has charge of these matters at national defence headquarters. I cannot say what instructions have gone out to the individual commanding officers but I do know that instructions went out to all the districts along the lines I have mentioned, that they cooperate fully and give any assistance they can in respect to the holding of the vote in the camps for men who are entitled to vote in the Ontario elections.

Mr. GRAYDON: The department does not undertake to see that the proxies are placed in the hands of the men? Is that left entirely to the Ontario election officers?

Mr. RALSTON: I would not say that. I cannot tell my hon. friend what arrangements are made. Perhaps we are talking at cross-purposes. I do not think there are proxies for soldiers in Canada.

Mr. GRAYDON: Yes, for voters who are outside the province of Ontario.

Mr. RALSTON: Yes, that is right. I think the arrangement was that the proxies should be placed in the hands of the commanding officers of the different units and the men are notified that the proxies are there. I do not want to be bound by that, because I have not gone into it in detail, but I can assure the house that the adjutant-general has issued the fullest instructions possible to see that the army cooperates in order to enable the men to exercise their franchise in the Ontario election.

Mr. CHURCH: Nothwithstanding what the minister says, some of the soldiers will not be able to vote at an advanced poll or by proxy unless they get leave to do so, and the fares are prohibitive.

Some hon. MEMBERS: Order.

Mr. RALSTON: My hon. friend is making some charge, I think, and I should like to hear what he is saying. I do not want any mistake about this. The army is cooperating fully with the election officers in this Ontario election, but the army is not taking the responsibility of seeing that the votes are polled or that the proxies are used. If the men do not want to use them the army does not propose to press the men to use the proxies. But the army does provide whatever facilities are asked for in order that the men may exercise their vote.

Mr. GRAYDON: The army at least should see that the proxies are placed in the hands of the Ontario voters whether they use them or not.

Mr. RALSTON: They may do it, but I take issue with my hon. friend. It seems to me that if the Ontario voter is advised where the proxy is, and there is a convenient place from which the proxy may be obtained, the proxy should not necessarily be placed in the man's hands by the army officers.

Mr. GRAYDON: I disagree on that. If there is real cooperation in getting these votes polled I think the proxies should be placed in the hands of the Ontario men.

Mr. RALSTON: Then there would be a charge that the army used particular care to see that the proxies got into the hands of certain men and not into the hands of others. If the proxies are placed in a convenient place and all the men are notified that they are there, every man has a right to go and get his proxy just as a man goes to a poll and asks for an opportunity to vote.

ROYAL CANADIAN AIR FORCE

REFERENCE TO LANDING OF FIRST SQUADRON IN SICILY

On the orders of the day.

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, I wish to direct a question to the Minister of National Defence for Air, and there is no controversy about this. Has he seen the report that the first squadron of the Royal Canadian Air Force has landed in Sicily, the city of Windsor squadron? I am very proud that my roommate, James Sinclair, is adjutant of that squadron.

Hon. C. G. POWER (Minister of National Defence for Air): I saw it in the press.

JAPANESE TREATY ACT

REPEAL OF STATUTE OF 1913

Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of bill No. 137, to repeal the Japanese Treaty Act, 1913.

Mr. E. G. HANSELL (Macleod): Before the bill gets second reading, may I say that I am in favour of it. So far as I can see, it is a matter of routine, the purpose being to repeal this act in consequence of the contingencies of war and the fact that Japan and Canada are now at war with each other. While this treaty on commercial and navigation agreements between Canada and Japan is to be repealed, I am a bit concerned that there is no evidence of any action whatsoever along this line between Russia and Japan. Of course, I know that we cannot altogether expect that, because Russia and Japan are not at war with each other. This fact is not fully realized. We think too often of the united nations, the allies, as being the British empire, the United States, China and Russia, the big four, the united nations fighting against Hitler and Mussolini. It is true that the united nations are at war with Germany and Italy, but it is not true that the united nations are at war with Japan, because Russia is one of those united nations. I do not wish to minimize the fact that the united nations are united in their efforts, but it is not true to say that they are united in their war against the axis powers. They are united against Hitler and Mussolini.

I bring this up at the moment because not so long ago Russia and Japan renewed their previous fishing treaties giving to Japan certain rights to occupy certain islands. I did not know that this bill was coming up this morning and therefore I have not my clippings before me, but I read recently that these islands are being used by Japan as weather stations which would assist her in waging war against the United States in the Pacific. I am very much concerned about that, because most members of parliament have received numerous requests from organizations and individuals, sometimes letters written personally and at other times circular letters, urging for instance that a second front be started against Germany in order to relieve the pressure that Germany was putting on Russia. We have received petitions signed by hundreds of people to open up a second front, to do this, that and the other, but never once have I received

any communication from anyone asking that we urge that pressure be brought to bear upon Russia to assist us in respect of her relations with Japan.

The fact of the matter is that we do not know what is going to happen in the future in connection with Japan. Before the war is won I am quite certain that Japan will be our greatest enemy. I simply make these observations. I am not altogether satisfied about the alignment of nations in waging war in the Pacific. I say this now because there will be no other opportunity this session for us to express our views in this regard. So far as the bill itself is concerned I am in full agreement with it.

Mr. SPEAKER: It is not unusual, although not very often practised, to pass a bill of one clause, such as this, without reference to the committee of the whole. I quote from Bourinot at page 529:

> It has not been uncommon in the Canadian houses to pass bills without reference to a committee of the whole. This has been almost invariably done in the case of the appropriation or supply bill and not unfrequently in the case of other bills, also founded on resolutions passed in the committee of the whole. Instances are also found in the Canadian journals of Commons bills, not based on resolutions, as well as of Senate bills, having been passed without reference to a committee of the whole. . . .

Is it the sense of the house that, after the second reading, I should put the motion for the third reading of the bill?

Mr. GRAYDON: It occurred to me that if it was necessary to bring in this bill at this particular session, having in mind the fact that we declared war on Japan some time in December, 1941, there must be some reason why such a bill was not introduced at the last session of the house. I was wondering what the reason might be. Perhaps the minister can explain.

Mr. ST. LAURENT: I believe I can very readily satisfy the hon. gentleman. First, I should say that the treaty provided that the subjects of the high contracting parties would have rights equal to those of their respective citizens in the two countries concerned, and that the treaty would not apply to the dominions unless they adhered to it. This dominion did adhere to it. That became then a contractual situation between Canada and Japan. That contractual situation ceased to exist when war was declared, but the form in which the statute was passed in 1913 declared that the treaty would have force of law in Canada, so that even after it ceased to have contractual effect it had statutory effect, and it was dealt with under the War Measures Act by the defence of Canada regulations. But the War Measures Act provides that whatever is done under it will come to an end with the cessation of hostilities, so that this is necessary to repeal the statute, to prevent it from operating after the cessation of hostilities.

Mr. NEILL: If it is necessary and advisable—I suppose it is from the minister's remarks—to pass this bill, would it not be equally appropriate and applicable to dissolve or repudiate the terms of the gentleman's agreement?

Mr. ST. LAURENT: The treaty itself provided that it would come to an end twelve months after notice of repudiation given, and that notice was given in January, 1941.

Mr. NEILL: The hon. gentleman does not get my meaning. I understand about the treaty all right. I say, why does he not take similar action as regards the gentleman's agreement with Japan—another subject altogether—by which 150 of them are allowed in every year, and which, I suppose, is still the law?

Mr. ST. LAURENT: That came to an end, by virtue of the principles of international law, with the declaration of war. The only reason for this bill is that in 1913 they did not merely ratify the adhesion to the treaty; the statute of 1913 said in terms that the treaty would have force of law in Canada. So that even after the treaty disappears there is a statute saying that these provisions have force of law, and that is what we want to do away with by this bill. We did do away with it for the duration of the war by the defence of Canada regulations, but the defence of Canada regulations will expire with the cessation of hostilities, and we do not want a statute to be in existence saying that the Japanese have rights equal to those of Canadians in this country as soon as hostilities cease.

Mr. NEILL: Will not the gentleman's agreement be revived after the conclusion of the war—

Mr. ST. LAURENT: I hope not.

Mr. NEILL: —by virtue of its not having been repealed?

Mr. ST. LAURENT: Oh, no; it would require another arrangement, and I hope that, if any arrangement is made, it will be the kind of arrangement which even hon. gentlemen representing the Pacific coast will be satisfied with.

Mr. NEILL: I too hope so, but I doubt it.

Mr. GREEN: There seems to be a certain amount of confusion with regard to this very simple bill. Hon. members will recall that when we were discussing the Department of External Affairs—

Mr. SPEAKER: Order. I rather think that the house should go into committee, because all these speeches are out of order.

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

On section 1—Act repealed.

Mr. GREEN: As I was saying, there seems to be a certain amount of confusion developing with regard to this very simple bill. I hope that there will be no misunderstanding about it in the house, because it is of considerable importance in the province of British Columbia.

The other day, when the Prime Minister's estimates were under consideration, I raised the question of this Japanese Treaty Act, and pointed out to the Prime Minister that, because that act still stood on the statute books, certain legislation of the province of British Columbia which dealt with the Japanese was ultra vires. There was a case some years ago which went to the privy council concerning this British Columbia legislation, and the decision then made was that the provincial legislation was ultra vires because it conflicted with this Japanese Treaty Act. Now the war has come along, and the treaty as a treaty became of no effect upon the war breaking out, yet the act still stands, and so long as it stands on the statute book the provincial legislation is ultra vires and no similar provincial legislation can be enacted. For that reason there is considerable anxiety about getting the act repealed, and I am very glad that the government has brought in this repealing bill.

The Minister of Justice has just said one thing which I should like him to explain a bit further, and that was that this bill, when it is passed, will have no effect until after the war. I do not quite understand how he arrives at that conclusion. My understanding would be that if the bill is passed, if it becomes law, the Japanese Treaty Act is repealed at once, wiped off the statute book, and the provincial legislature is free to take whatever course it sees fit. I wish the minister would clear up that point.

Mr. ST. LAURENT: The hon. member is perfectly right. The repeal will take effect immediately. What I attempted to say was that the repeal during war was not necessary to deprive Japanese subjects of the rights the statute provided, because they were already deprived of them by the defence of Canada regulations. But the repeal will take effect at once and it will not be necessary to refer to the defence of Canada regulations for this purpose. I merely wished to explain that since the outbreak of war this statute had not been effective with respect to Japanese subjects because they were specially dealt with under the defence of Canada regulations.

Mr. GREEN: The hon. member for Comox-Alberni mentioned the gentleman's agreement, which is commonly known as the Lemieux agreement. I think the Prime Minister has explained to the house on at least two occasions that the Lemieux agreement has been abrogated by reason of the fact that there is war between Canada and Japan. I should like the Minister of Justice to make clear whether or not that is the case. Incidentally, within the last week the Prime Minister has tabled the correspondence and exchange of notes which took place between Canada and Japan constituting this Lemieux agreement and the subsequent agreement of 1929, so that it is all now on the record and open to the public.

Mr. ST. LAURENT: Yes: it is my understanding that all treaties or contractual relations between Canada and Japan came to an end with the declaration of war after Pearl Harbor, and that there will be no contractual relations or treaty relations unless and until new commitments are entered into by this country.

Mr. CHURCH: I only wish to say a few words on the preamble and the enactment of the bill.

The CHAIRMAN: Order. There is no preamble to this bill.

Mr. CHURCH: In the first place, in clause 1, the policy of the government illustrates the general trend and policy of the government in dealing with these empire matters. This treaty is known as the Treaty of Commerce and Navigation. It was signed by the United Kingdom and Japan, as the explanatory note states, on April 3, 1911. That treaty was binding on Canada, Australia, New Zealand, the United Kingdom and the whole empire. What happened? Two years later Canada passed a separate statute, as stated in the explanatory note, declaring that the Japanese Treaty of Commerce and Navigation signed by the United Kingdom had the force of law in Canada, and it was assented to on April 10, 1913. While I have no

objection to this bill, I wish to say that war is war, and a declaration of war by Great Britain is binding upon Canada. I do not think the minister has considered this part of the argument. China is not at war with Japan. Japan is not at war with Russia. These matters will be regulated by international law and agreement, and for us in Canada to take a separate stand from Great Britain in connection with this treaty is something I cannot understand. I do not think it is the right action to take. No doubt when war was declared upon Japan by Great Britain and then Canada, the question arose as to whether this treaty was binding any longer on the other parties to it, New Zealand, Australia and the other members of the commonwealth. I should like to ask the minister whether Australia and New Zealand, who were parties to the original treaty of commerce and navigation signed by the United Kingdom, have taken similar separate action, as in this bill, to declare that the treaty is repealed as far as those dominions are concerned. Why was it necessary to take this separate action, in view of the fact that a declaration of war by Great Britain against Japan binds Canada and all the other dominions, in connection with all treaties of navigation and commerce and all the rest of it?

Mr. ST. LAURENT: I shall not reply to all that the hon. member has said, but I should like to make the reservation that the fact of my not replying does not mean that I agree with his views of the international relations of this country. I wish to point out to him that the plenipotentiary who signed this treaty for the United Kingdom was Sir Edward Grey, and Sir Edward Grey put his signature to a document which said in terms that it would not apply to the dominions unless on their own behalf they chose to adhere to it. Canada did choose to adhere to it, and Canada afterwards passed a statute making it law in this country. When war was declared by Canada on Japan, the treaty to which Canada had adhered and which would have had no effect upon Canada if this country had not adhered to it, was thereby abrogated and came to an end, but the Canadian statute remained on the statute book. The purpose of the bill is to remove that statute and to remove the effect thereof as to the people of Canada. As to whether anything like this has been done in Australia or New Zealand, I am not informed.

Section agreed to.

Bill reported, read the third time and passed.

[Mr. Church.]

FARMERS' CREDITORS

CONSOLIDATION OF ARRANGEMENT ACT OF 1934 AND AMENDMENTS

The house resumed from Tuesday, July 20, consideration in committee of bill No. 132, to facilitate compromises and arrangements between insolvent farmers and their creditors —Mr. Ilsley—Mr. Bradette in the chair.

Sections 24 to 27 inclusive agreed to.

On section 28—One proposal only.

Mr. JOHNSTON (Bow River): I think some consideration should be given this section, because I do not believe it is fair to the farmers to have them limited to only one proposal. I can see the possibility of circumstances recurring from year to year that may make it desirable to have these proposals revised. When the representatives of the west presented their proposals to the government they strongly recommended that provision should be made in the bill for revisions from year to year. They suggested this provision:

> After the expiration of one year from the filing of a plan of settlement and prior to the expiration of five years from the date of such filing, a debtor may apply to the board to revise the plan of settlement and upon satisfying the board that the plan of settlement is unreasonable, inequitable or unworkable, or that conditions exist which justify the board in so doing, the board may thereupon revise the plan of settlement upon such terms and conditions as the board may deem advisable.

I think that recommendation was gone into very thoroughly by the three western provinces, who have had a great deal to do with the administration of legislation of this kind for the last eight or nine years, and we should not pass it by lightly without further consideration. I trust that the minister will see the reasonableness of the argument, and permit further revisions to be made.

Mr. DIEFENBAKER: If there is to be equality as between the rights of the debtor and those of the creditor, there is much to be said in favour of the proposition that within a period of five years a further opportunity may be given for application under the act by a farmer in respect of whom an order has been made. Under section 33 provision is made that where any debt secured on the land owned by a farmer or under an agreement for sale has been reduced under any composition, extension of time or scheme of arrangement, and within five years the farmer sells at an increase in price over and above the price determined at the time the order is made, then a judge may allow the sale to be made, but subject to the provision that the creditor may be reimbursed

by some additional amount dependent upon the increase in the value of the property. So that we have this position: not only is the present and prospective capability of the farmer to meet his debts as they become due to be taken into consideration under section 16, but the creditor gets a second chance within a period of five years.

Mr. ILSLEY: Only in the event of a sale.

Mr. DIEFENBAKER: That is perfectly true.

Mr. ILSLEY: Would the hon. gentleman wish to limit the debtor's second chance to the case of a sale?

Mr. DIEFENBAKER: No, naturally I do not argue that. It is suggested that the purpose of this legislation is that of assuring a solution of the debt problem. Land may go down in value, drought may come and within a period of five years any number of difficulties may develop. Under those circumstances, if on the one hand the creditor is to receive benefit through an increase in price, evidenced by the price he may receive on the sale, then I suggest the minister should answer the argument of and the recommendation by the hon. member for Bow River, that the farmer have the privilege of making a second application.

The three western provinces have given serious consideration to this matter. The attorneys-general of those provinces have for a considerable period of time studied the subject of debt legislation. Farm bodies have done the same. They must have considered all the points considered by the minister and the government when bringing this matter before the house. Those groups have felt it most important that a provision should be made whereby within five years of the date of the coming into force of the act a proposal might be revised, upon application of the debtor. Would the minister state why that suggestion in the draft act was not accepted, and whether the government is adamant in its opposition to any suggestion to the effect that some provision should be made for a further application within a five-year period.

Mr. ILSLEY: I do not think there is any virtue in the five-year provision. If there are to be repeated applications by the farmer to write down the debt, on the theory that from time to time the debt should be adjusted to the value of the land, or adjusted to meet other circumstances, we should have an entirely different kind of act. If that were done it would be only fair for the creditor to take advantage of such increase, and be placed in the position of coming in again himself. If, for instance, the value of the farm land increased from $30 to $60 an acre, owing to inflation or for some other reason, he should have that privilege.

Mr. DIEFENBAKER: I thought we had guarded against that.

Mr. ILSLEY: We have done everything possible to guard against it, and I should hope that nothing of that kind would occur. But if it did occur, I do think the hon. member would say that creditors should have the right to come in and change the arrangement after it had once been adjusted downward. It has never been suggested. There is no finality so far as the farmer is concerned under those circumstances.

Mr. JOHNSTON (Bow River): The measure should operate fairly. If a creditor has a right, then I think it should be acknowledged. I do not think we should bar him from the advantage of an increase, any more than we should bar the farmer from a fair adjustment.

Mr. ILSLEY: I would not be prepared to accept that right, on behalf of either the debtor or the creditor—because I am sure we would have to accept it on behalf of both. Farmers would not like that provision—the ones who availed themselves of the act. They would like to know that their obligation is fixed. I admit that in section 33, in the event of a sale only, we are making an exception to that rule. That would be where there is no doubt about the value, because it is checked by the sale. I shall speak about section 33 when I come to it, and shall propose some amendments, setting out my reasons for doing so. I propose also to give some instances of what has happened, which I believe will be interesting to hon. members. But as to the proposal that there should be repeated adjustments, I must express my dissent. I dealt with that point yesterday. The principle of the act is to keep the farmers entitled to the benefit on the land, as efficient producers. When a farmer sells the land, that principle of course is abrogated; it no longer applies. That is a different question entirely from the question whether or not a farmer who does stay on the land for a great many years should from time to time—once, or more than once; I do not see any particular virtue in the suggestion that it should be once—make application. That deprives the act of any fidelity, and it would have to apply both to the creditor and to the debtor. I do not think we could do that. It verges a little on the partnership argument, namely that the lender is a partner. He is not a partner at all. The land goes up in value,

and he can get only so much back in dollars. If the land goes down in value, in the absence of extraordinary legislation of this kind, he is entitled to get back the number of dollars he lent.

Last night my parliamentary assistant pointed out that the principle underlying the lending is that the lender assumes a fixed monetary obligation that is wholly inconsistent with the principle of partnership. The principle of partnership works sometimes to the advantage of the lender, and sometimes to his disadvantage. The bondholder has certain disadvantages and certain advantages. The shareholder has certain disadvantages, and certain advantages. But the bondholder is not a shareholder, nor is the lender of money on security a partner.

Mr. CASTLEDEN: The basis of adjustment will be the judgment of the court. The court will decide the ability to pay. He may spread his proposal over a number of years. In that period of years there might be a drastic change in ability to pay.

Mr. ILSLEY: Yes.

Mr. CASTLEDEN: On that basis I think this section should be amended.

Mr. QUELCH: I would be opposed to the idea that the creditor should be allowed to make a proposal, and for this reason. The farmer is allowed to make a proposal because owing to conditions in the past—not in the future—he has been unable to make his payments; therefore a new adjustment is allowed to compensate him for his loss in the past. If conditions improve he will then probably be glad to make his payments in the future, under a new agreement, and no new proposal is necessary on the part of the creditor. It is wholly a matter of ability to pay. In addition he would be compensated for any loss incurred in the past as the result of low prices and drouth. So long as the farmer can pay, and has no difficulty in paying, there is no need of a proposal being made. The same applies to creditors. So long as the farmer can make his payment there is no need for a creditor to make a proposal.

Mr. ILSLEY: His ability to pay in the future may increase as well as decrease.

Mr. QUELCH: One thing is certain: if prices increase in the future, they will go down again in a short time, and, judging from past history, the downward trend is more likely than the upward trend. If we say that the right level is parity price, we can go back through history and find that the price goes below parity more than above it.

[Mr. Ilsley.]

Mr. CHURCH: Mr. Chairman, I wish to say a few words with respect to section 28. We have just considered section 27 which states that a decision of the appeal court shall be final. Section 28 says:

No farmer shall be entitled to make more than one proposal under this act.

There has been a long discussion on this bill. Away back in 1924 and 1925, when the prairie provinces were urging free trade, and all that kind of thing, I proposed to aid them all along the line by protection and The Safeguarding of Industries Act, for the benefit of the prairie farmers. It affected not only their property, but the marketing and production of their crops. During the past fifteen or sixteen years many advanced protectionist measures have been passed, some of them dealing with farm debt, others with the farms themselves, the appliances used on the farm, production, distribution and marketing of the crop and so on. When the prairies veered around to protection, after seeing the great injury which had been done by the opposite policy, I pointed out that there should be a national policy to apply protection to all Canada's ills. I am not opposing adequate measures to take care of this problem of farm debt on the prairies and the hardship caused thereby; my point is that any measure should have a greater scope and be reciprocal and apply aid to all Canada to protect equities. A measure such as this should not be brought in during the dying days of parliament when it cannot receive the consideration it deserves. It has to go to another place and we do not know how it will fare there. In my opinion it might be well to let it stand over for a year. This measure is onesided; it is not reciprocal.

A proper national policy of protection would benefit not only the market gardener and the farmer, but the artisan and the industrial worker. Then it would be worthy of the name of protection. A measure such as this ought to be applied to all. On April 17, 1925, I said that protection is a great economic question of principle and of patriotism, and of life and death to Canadians. The big interests, who seek to grab all the benefits of protection for themselves, are its worst friends, and do the great movement little good. It should not be a manufacturers' question, or a banking question, or a grain growers' question, or a combine question, or a monopoly question at all. Protection should be brought up to date to meet changed conditions, and extended. Protection will make for a better Canada, and a happier and more contented people, with work plentiful; it will make

Canada a country fit for heroes who have fought for Canada to live and die in, instead of being driven to join the exodus.

Instead of a measure of protection to cover our fishermen, our industrial workers in the central provinces, and our farmers on the prairies, and the Pacific toilers and the equity in their homes, we have a one-sided protection measure. I say that this will only cause untold hardship for those who will have to help pay for it. This bill is only half-baked to begin with. They talk about fifty per cent of the farmers on the prairies having no debt on their farms, and we must not forget that there are many widows and others who have invested their money in farm mortgages on the prairies while others have taken out insurance policies or have bought loan or trust company bonds. Their security in these companies may be wiped out. If this principle is to be adopted it will cause wide differences of opinion and disunity in Canada.

I have no objection to attempting to relieve this very serious state of affairs to which my hon. friends to my left referred yesterday, but I plead for equality of treatment to other native industries and the industrial population. This is a form of state socialism—for some, and not for others. If you are going to adopt it you might just as well say that there will be no proper protection for the policyholders in these insurance companies, whose assets will go down and may be seriously affected. In the dying days of parliament we should not pass this measure. During the last few days of the session we cannot give a matter like this proper consideration. If they are going to ask for more than is in the bill, or for more than is proper, it will only cause trouble. I doubt whether some of the clauses of these measures are constitutional in view of the decision of the privy council, on provincial farm debt matters. It will cause wide differences of opinion in the other provinces of the confederation.

You, Mr. Chairman, were once the head in Ontario of a fine municipality in an agricultural community, and you know that people in Ontario consider that province the forgotten province. We have not received the same treatment that others have. I think the government should consider widening this bill, or possibly let it stand over for a year and then provide a wider measure of relief for those who are not covered at all and for those who should be covered, so as to have real national protection to the real estate of all our people and the holdings or the equities in their homes.

Mr. SHAW: What provision is being made to prevent a recurrence of what occurred during the early days of the first act? When the first settlements were made the reductions were quite low and the argument was advanced that as this was a new thing, the boards of review would have to proceed with great caution. Later, after some experience had been gained by the boards of review, the reductions were approximately doubled. No provision was made for a second appearance before the board and a great deal of bitterness developed among the farmers. I recognize that under certain conditions many of those farmers are going to have an opportunity of having their debts considered, but if these courts proceed with caution at first and then, after gaining some experience, become more generous we are going to have a repetition of what happened before. Many of the farmers felt that they were unfairly discriminated against.

Mr. ILSLEY: I would expect that there would be some consultation between the appeal judge and the district court judges before the act came into operation to try to decide upon some of the principles which should be applied. That is not usual in judicial procedure, but I do not see why it could not be done. From the experience of the past nine years in the administration of the Farmers' Creditors Arrangement Act the judges realize the importance of consistency in decisions, which was not the case under the boards of review. The hon. gentleman knows that it is because there was not consistency that we are permitting a second proposal. Only one proposal is provided for under this bill, but there is really a second proposal for those who had their cases adjusted up to the end of 1928.

Mr. QUELCH: The minister knows that the mortgage companies were opposed to the boards and wanted the substitution of the courts. They evidently felt that they would get a better deal with the courts. Does the minister think that the farmers will get the same type of sympathetic consideration from the courts as they have been getting from the boards?

Mr. ILSLEY: I do not know whether it will be the same type, but I think there will be sympathetic consideration of their claims, for the reasons stated the other day by the hon. member for Peace River (Mr. Sissons). I do not see any reason to expect otherwise, but I would expect more consistency than there has been under the boards of review. I do not want to attack the boards of review, and I am not doing so, but it is well known

that the principles applied in the early part of the nine-year period were different from those applied in the latter part. There has also been some difference in the treatment of these cases by different boards; some boards have acted differently from others. I do not think this has been because of a lack of sympathy as between the boards. I think that the care and thoroughness with which they dealt with the cases has varied somewhat from board to board, and that leads to a bad result. If a farmer has gone before one board and has been able to get a big write-off, knowing well that he would get a small write-off from another board, and another farmer goes to another board and gets a less favourable decision, you get a situation which gives rise to charges of discrimination. That is not a particularly good system. I do not know what the facts are about all these cases, but I do know that there has been quite a volume of complaints about particular decisions.

Mr. DOUGLAS (Weyburn): The minister says that there will be less inconsistency when the courts deal with these cases, that there has been inconsistency in the decisions of the boards. There may be more consistency by the courts in dealing with technical and legal aspects, but the trouble with this legislation, and the reason I am so much opposed to the courts handling it, is that the courts will have to be more than legal interpreters; they will have to be experts on farm management to decide on the ability of the farmer to pay and on the productive capacity of his farm. Most men on the bench are no more competent to decide these two questions than are men you might pick off the streets. One of the reasons why the boards of review were so inconsistent in the early stages was that they had had no experience in that work, but years of experience in handling these cases gave them more information and a better insight into farm management. That is why in later years their decisions were much better. The minister has not advanced any reason why the courts will be any more consistent in their decisions. It is true that in dealing with technical and legal aspects they may be, but when it comes to deciding on a farmer's ability to pay and on the productive capacity of his land, I think the courts will have to do what the boards of review did—just feel their way by an experimental process of trial and error. They will be just as cautious as the boards of review were at first, but as they get more experience in farm management they will be able to make more equitable adjustments. In view of that fact I think the minister would have been well advised to provide, as proposed in the draft bill, a probationary period of five years, not that there should be adjustments from time to time and no finality but that in this probationary period of five years of experimentation the farmer and creditor would be able to see how the arrangement was working out, and if it was not working out satisfactorily the matter could be reviewed.

Mr. ILSLEY: I do not think that would have a good effect at all. I think if the judges approached the question with the idea that they were instituting a probationary settlement, then to begin with the settlement would not be as good or as careful. I think the fact that there is to be finality about the settlement imposes on the judge an obligation to take care which would not exist if the settlement were to be a mere preliminary or probationary one. The creation of an appeal court is a factor making for consistency which does not exist in the present system. I do not want to be misunderstood as criticizing the present boards of review, because they have done a lot of very fine work, but there is something in what the hon. member for Lake Centre says, that when administrative boards have the final say, they are likely to be a little more dogmatic—I was going to say arbitrary—than when there is an appeal from their decisions. It is a criticism of a lot of our war-time controls, and there is something in it. It is probably a human quality to be decisive and at times dogmatic and, with some persons, arbitrary, if there is no appeal from their decisions. The fact that a minister of the crown has over him the government, that he cannot just say yes or no and tell everybody to take the consequences, but that there is a government which in the final analysis can overrule him, has a beneficial effect on the minister. Sometimes it slows him up and in time of war one sometimes wishes that his voice was the only voice. But I think consistency in his decisions is probably assured to a certain extent by the fact that there is a superior body over him.

Mr. SHAW: Is there any time limit on this appeal? Suppose the farmer has had an adjustment and must make an appeal say within a period of one year—I do not know what the limit may be—the chances are that during that one year the amount of experience gleaned by the court would not be considerable. But there is not only that consideration. Would the appeal be made on the basis of conditions which prevailed when the first adjustment was made, or on the basis of con-

ditions at the time of the appeal? I could understand that if say at the end of three years the appeal court has to take into consideration the conditions that exist at the end of the three-year period, the appeal might be beneficial, but I cannot see how an appeal under this act will offset any of the difficulties that may develop as a result of the court's probably not having sufficient experience to decide on the productive capacity of a particular parcel of land. I think it is in that respect that the real difficulty is going to develop.

Mr. ILSLEY: That is the main question always—what is the productive capacity of the land? That is the reason why there are sections later in the bill which provide for the appointment of appraisers to assist the judge.

Mr. JOHNSTON (Bow River): Will they be from the soldier settlement board?

Mr. ILSLEY: We do not know. We may select them from there.

Mr. SHAW: Is there any time limit for the appeal?

Mr. ILSLEY: No. The time in which the appeal must be asserted will have to be fixed by the rules.

Mr. QUELCH: When the appeal is finally made, will conditions at that time be the governing feature, or conditions when the proposal was made?

Mr. ILSLEY: It will be the conditions at the time the proposal was made.

Mr. QUELCH: Could not that be changed so that the conditions at the time of the appeal should govern?

Mr. ILSLEY: The court has the evidence before it that was taken below, and that is the evidence on which the appeal will be made.

Mr. JOHNSTON (Bow River): And no other evidence will be taken?

Mr. ILSLEY: They have power to take new evidence, yes. I do not think the appeals will be long delayed.

Mr. QUELCH: After a proposal is made, if we had four or five bad years, would it be possible for the farmer to make an appeal and have his case judged on conditions existing at the end of that bad period?

Mr. ILSLEY: The probability is that he will be obliged to appeal. The creditor would be obliged to appeal within about sixty days or something like that. A longer period would be unreasonable.

Mr. SHAW: Then in effect the bill really does not take care of the situation that develops under the Farmers' Creditors Arrangement Act.

Mr. ILSLEY: No; it is not designed for that.

Mr. FAIR: Has the minister considered the advisability of having a representative of the debtor and a representative of the creditor sit with the judge in cases where an appeal has been taken from the first court?

Mr. ILSLEY: Yes. That has been considered, but it is not consistent with the theory of a court; and that is, I think, one thing wrong with the present system. If you had sitting what one might call a court of three persons, one of whom considered it his duty to fight for the debtor and another his duty to fight for the creditor, you would not have a judicial body. I do not know that they did that. They probably acquired a judicial outlook on these boards, but there have been instances where a pretty forceful person got on, representing one side or another. The theory of the act is that that is a bad court. Judges do not represent either plaintiff or defendant, nor do they have anyone sitting with them in judgment representing either party. The persons who represent plaintiff and defendant are advocates who appear before the court, and that is the place where such persons ought to be.

Mr. STIRLING: It is one o'clock and past, Mr. Chairman.

Mr. DOUGLAS: Will the judge have any expert on farm management to advise him?

Mr. ILSLEY: No.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

The CHAIRMAN: Shall section 28 carry?

Section agreed to.

On section 29—If farmer defaults.

Mr. FAIR: Could we have an explanation of this section?

Mr. ILSLEY: These provisions were in the old act. If the farmer defaults, and if the default is not due to causes beyond his control, the court may on the application of a creditor annul the composition, extension of time or scheme of arrangement, and the farmer may be put into bankruptcy. That has been in the law all along. If the default was due to causes

beyond the farmer's control, the section does not apply. He cannot be put into bankruptcy. The explanatory note covers it pretty well. The last subsection relates to the province of Quebec, stating what court shall have jurisdiction there.

Mr. DOUGLAS (Weyburn): This section is important, by virtue of the fact that it will influence the whole proceedings and conduct of the case in the years following the filing of the proposal. What kind of regulations are passed under this legislation covering that period of time will largely determine to what extent the legislation will be a success. As I understand it, after the proposal is drawn up and filed by the court and accepted by both parties, if the farmer finds that because of conditions beyond his control—because of crop failure or depressed prices—he cannot meet the obligations, the creditor may make application to have the composition annulled, but if the court feels that it is not the farmer's fault the composition will not be annulled. I should like the minister, however, to let us know what will happen. Will the court merely extend for one year the terms of settlement, or will he virtually make a new proposal to extend further the terms of payment? What has the minister in mind in this section? It gives tremendous powers to the court, and they are not very clearly defined. In the draft act which was recommended, part II, section 24, some sort of crop failure clause was suggested. Again, of course, the minister will not agree with me, because he takes the position that there is a fixed money charge and that the capital invested entitles the investor to a fixed return, and, failing that fixed return, the right to take over the property which is the security for his loan. We do not take that position at all; we feel that in a year in which the farmer had a crop failure through no fault of his own he has already taken a loss—the money he has put into seed and all the work he has done. The investor ought to be prepared to accept some of that loss, and if not that, ought at least to be prepared to postpone the payment for that year, and the terms of the contract should be extended one year further. If the government had accepted the proposal in section 24 of the draft bill there would be some provision of that sort, and it may be that the minister has in mind putting it in the regulations.

Mr. ILSLEY: No.

Mr. DOUGLAS (Weyburn): Will the minister elaborate on the powers a judge will have? Will the judge have power to extend the settlement another year? Will he have power to waive the interest for that year, or will the interest and principal be piled up for that year and two payments be required instead of one in the year following?

Mr. ILSLEY: The rights of the parties are these, that if the farmer defaults, the creditor may enforce the confirmed proposal. Of course he cannot take foreclosure proceedings under the order in council for the reduced amounts, or he cannot proceed without the leave of the court. At least the court has power to postpone or stay these proceedings under the order in council passed under the War Measures Act, and the rights of the creditor are determined by the proposal. In that event, I suppose, what would happen in practice would be about what the hon. gentleman says, that the amount would not be paid that year but would accumulate against the property for subsequent payment.

Mr. DOUGLAS (Weyburn): At the top of page 10 it says:

> . . . no such composition, extension of time or scheme of arrangement shall be annulled by reason of the default of the farmer in carrying out the terms thereof except as provided in this section.

That is, except where it is not beyond his control, or it is his fault. In a case where the judge is convinced that it is not the farmer's fault, will he have power under this section to extend the terms of the settlement or make some adjustment at that time?

Mr. ILSLEY: No; the judge would have no power of that kind, because the rights of the parties are already determined by the confirmed proposal. Those could not be altered by the judge without a new proposal, which cannot take place. The creditor has the right to enforce the proposal even though the farmer makes default.

Mr. DOUGLAS (Weyburn): Even though it is not his fault?

Mr. ILSLEY: Even though it is not his fault, yes.

Mr. DOUGLAS (Weyburn): Will the minister explain these words? It seems to me it says very clearly that he can. If so:

> . . . no such composition, extension of time, or scheme of arrangement shall be annulled by reason of the default of the farmer. . . .

Mr. ILSLEY: Yes—except as provided in this section.

Mr. DOUGLAS (Weyburn): Yes, except where it is the farmer's fault. Now where it is not the farmer's fault I take it this section means that the court would have the right to extend the terms of settlement.

Mr. ILSLEY: No, it does not mean that. Under the Bankruptcy Act, if a farmer makes a composition with his creditors and defaults, then he may be put in bankruptcy for any default. That would be the law all over Canada with the exception of the western provinces; that is, the composition would be annulled as a result of the default of the farmer; but under this section it cannot be annulled unless the default came about as the result of the fault of the farmer—as a result of forces within the control of the farmer. If it comes about as a result of causes within the control of the farmer it can be annulled here. In that respect it is more favourable to the farmer in the three western provinces than it is in other provinces.

Mr. DOUGLAS (Weyburn): But the minister says it cannot be annulled. It merely means that the proposal cannot be annulled; the terms of the proposal still must be enforced.

Mr. ILSLEY: They can be enforced, yes.

Mr. DOUGLAS (Weyburn): But under the order in council which is good only for the duration of the war, the court would have power to postpone payment?

Mr. ILSLEY: That is right.

Mr. DOUGLAS (Weyburn): But not under this legislation?

Mr. ILSLEY: That is right.

Section agreed to.

Sections 30, 31 and 32 agreed to.

On section 33—Farmer may not sell in case of reduction of debt, except with leave of the court.

Mr. ILSLEY: I wish to move an amendment to this section. The three main features of the amendment are: first, that the provisions of the section shall not apply to compositions, extensions of time, or schemes of arrangement which have been approved by the court or confirmed by the board of review under the Farmers' Creditors Arrangement Act, 1934. The section as it stands would unsettle certain settlements on which the farmer probably has the right to rely. It will apply only for the future; it will apply only to compositions, extensions of time or schemes of arrangement approved by the court under the act now before the house. That is the first change that is proposed in the section. The second is that the period of five years be reduced to three years. The third is that such additional amount as the court thinks should be paid for the benefit of the creditors is to be paid into court instead of directly to the creditors. There is a fourth; that is, that the amount is not to be payable to one holder of the security on the said land, or to the vendor or assignee of the vendor under the agreement for sale, but is to be applied by the court for any holder of security on the said land, or the vendor or assignee of the vendor under the agreement for sale.

The need for this section is indicated by experience. I have before me a list of cases in which the dominion government was the secured creditor; I suppose there are hundreds of cases like this in which private mortgagees or vendors were the secured creditors. I have not gone over those at all but have had selected, I think at random—I am not just sure on what basis they were selected—eighteen cases in which the crown was the creditor, through the soldier settlement board. This is what happened in those cases; I shall take perhaps the most outstanding one, though it may not be. The original debt was $6,586.59. The date of reduction of the debt was May 9, 1938. The reduced debt was $3,500. On October 20, 1939, less than eighteen months later, the debtor sold the property for $6,850. Hon. gentlemen will take note of what happened there, and I would ask them to put themselves in the position of trustees for the taxpayers of Canada. As holder of the security on that property the soldier settlement board were compelled to reduce the amount of their debt against that farmer by $3,000, from $6,586.59 to $3,500; they were compelled to do so under the provisions of an act the object of which, as stated in the preamble, was to retain the farmer on the land as an efficient producer. Within eighteen months that farmer who was thus enabled to remain on the land as an efficient producer sold the property for $6,850. Of course the crown took that loss of $3,000 and the farmer got the benefit of the difference.

The theory of this section, the principle underlying it, is that if something definite of that kind takes place, showing clearly that the court erred, that the purposes of the act were frustrated and that there should not have been any such reduction at all, the farmer should make some of that money available for the satisfaction of the persons who had security on the land. The section therefore provides that the farmer cannot, within three years after this settlement—which, it must be borne in mind, is made for the purpose of keeping him on the land as an efficient producer—sell the land without getting leave of the court. The court may

impose conditions, one of which may be that such sum as the court thinks fit will be paid into court for the benefit of those who have security on the land.

That is one case. There is another case on this list in which apparently the farmer sold the land within six months. The original debt was $4,236.27. The date of reduction was May 5, 1939. The reduced debt was $2,000. On November 7, 1939, he sold the land for $3,040. Under the proposed section it would be necessary if he changed his mind about staying on the land, which was what happened in this case, to come to the court and say, "I am going to sell this land, for which I am going to get $3,040. Your $4,000 was cut down to $2,000. I want to know on what terms I can sell the land," and the terms may include the condition that some part of the money be paid into court for the benefit of those holding security on the land. Those holders of security might include municipalities who had taxes owing, or anyone else who had an interest in the land.

The proposed legislation is based to a large extent on a section of the New Zealand act which is very much like this. I have no information as to subsequent legislation in New Zealand, but in 1936 they passed an act which had an emergency application, just like the Farmers' Creditors Arrangement Act. It enabled farmers and others to apply within a limited period, within a year or two, for a reduction of their debts, and it provided that if anyone sold the land before January 1, 1941, which was about four years after the expiration of the act, they must do this very thing. I have the provisions of the New Zealand act before me. I do not say that we are doing this because New Zealand did it; we are doing this because one of the features of the Farmers' Creditors Arrangement Act that has always shocked a good many people is that debtors could go to a board of review, sometimes with a sale in view, and avail themselves of the provisions of an act designed to keep efficient producers on the land, in order to get a substantial write-down of their mortgages. Then, shortly afterwards, they could sell the land for an amount very considerably in excess of the sum to which the debt was reduced.

Mr. CASTLEDEN: Has that been a common thing?

Mr. ILSLEY: It has happened a number of times; one hears about it here and there. As I say, I have just gathered up some of our own. I have eighteen cases where land was sold within three years.

[Mr. Ilsley.]

Mr. QUELCH: Have they reference to soldier settlers?

Mr. ILSLEY: Yes.

Mr. QUELCH: I do not think it is fair to compare soldier settlers with civilians, because in many cases the soldier settlement board have voluntarily made concessions. Very often the soldier settlement board have made a proposal for a reduction. They treat the soldier differently from the way they would treat a civilian, and rightly so. I should like the minister to give the facts in connection with some civilian cases. Probably that would give a different picture.

Mr. ILSLEY: These were all proceedings under the Farmers' Creditors Arrangement Act.

Mr. QUELCH: Yes; nevertheless the soldier settlement board may make a proposal. I know of many cases where the soldier settlement board itself has voluntarily made a proposal granting a soldier a very large reduction.

Mr. DONNELLY: The minister referred to two sales, one where the farmer sold the land for $6,850 and the other where it was sold for $3,040. Were they sold for cash, or on time? If they were sold on time, is there any possibility that the man who bought the farm would himself be back to the Farmers' Creditors Arrangement Act administrators in another five years looking for an adjustment?

Mr. ILSLEY: I do not know whether these were sold on time or not. But if they were sold on time, of course that is a matter the court would take into consideration.

Mr. DONNELLY: It is not the same at all, if it is on time.

Mr. FAIR: We are told there is a sucker born every minute. Some of the people who purchased this land were possibly among them. I do not care how poor an article one may have for sale, if he is a good enough salesman he can always sell it for more than it is worth. I believe many of the parcels of land which were bought by soldier settlers might be put in that class. The arguments which have been made by the minister, or which he has attempted to make, cannot be seriously considered in this instance. If under this section a creditor is to be given the benefit in the actual or apparent value of a property in which he has an interest, will that same creditor in respect of a property which deteriorates in value stand a similar share of the deficiency?

Mr. ILSLEY: The creditors are not given the benefit of the increase if the man stays on

the land. If he does not stay on the land and sells the propery, it might be argued that there should be a provision that if he sells for less than the secured value, the reduced security, he should have the right of having the land revalued downward. That might be argued, of course; but I would point out that that would be entirely unworkable. To begin with, I do not think it would ever occur, because I do not know why he would be selling it then. He would not be getting anything out of it.

Mr. FAIR: In order to get some share of the money he put into it he may be compelled, before his equity is still further reduced, to dispose of it. I know of case after case where a man has had to get rid of his holdings.

Mr. ILSLEY: But if he sells it for less than there is against it, he does not get a dollar out of it. I should think that would never occur. Moreover a provision like that could be easily evaded. He would just need to make a sale to a friend, at less than the amount, and automatically have it written down. That would make it entirely impossible from the point of view of administration. I do not, however, rest my contention on that point, but rather on the point that it would never occur. If we had a provision in here that in the event of the security being reduced from $6,000 to $3,500, and it were sold for $3,000, he could have the security written down to $3,000, what good would it do? He would never apply, because he would not get a dollar out of it anyway.

Mr. DOUGLAS (Weyburn): I think this is a most vicious section. The minister's whole argument is based on the supposition that these debts ought not to be written down below a hundred per cent of the value of the farm.

Mr. ILSLEY: No, that is not so at all.

Mr. DOUGLAS (Weyburn): The minister cites the case of a man who has $4,000 against the farm, and sells it for $3,000, and he seems to think that that is a scandalous thing.

Mr. ILSLEY: I did not say it was scandalous at all.

Mr. DOUGLAS (Weyburn): When he sells it for $3,000, what is happening is that there is a $2,000 debt, and a $1,000 equity. This section provides that with respect to the other thousand dollars the creditor shall come in and get the whole or part of it. If they can convince the court that they have a claim, that may be done. But what about the farmer's equity in that land?

Mr. ILSLEY: Does the hon. member want me to asnwer?

Mr. DOUGLAS (Weyburn): He is the man who originally puts the money up to buy the farm. In all probability he put down a cash payment. Then he worked the land, cultivated it and placed the buildings on it. But the whole assumption under this section is that an arrangement must be made to make sure that the farmer never gets more for the land than is actually against it in debt.

Mr. ILSLEY: No.

Mr. DOUGLAS (Weyburn): And if he does get more, the creditor will have recourse in the courts.

Mr. ILSLEY: No; let me put my hon. friend straight on that. In the case where the debt was reduced from $4,000 to $2,000 and the land was sold for $3,000, it may be that the court had in mind that the $3,000 was the value that it was putting on the land, and that $1,000 was being allowed as an equity. If it were sold for $3,000 the court would proceed on the basis of the valuation of the land on which the court had proceeded originally. But suppose it was cut down to $2,000, on the basis of the land being worth $2,500, and it was sold for $3,000, also taking into consideration any improvements made—all those things must be considered by the court. It enables the court to compel the payment of part of the amount into court; it is not necessarily the whole thing. The section does not impose any obligation on the court at all to do anything, except what it feels in its discretion it should do. In respect of the first case I cited, namely a sale for $6,850 within eighteen months, of land on which the mortgage was reduced to $3,500, certainly the court could not have had in mind a valuation of $6,850 or anything like it.

Mr. DOUGLAS (Weyburn): It might have had.

Mr. ILSLEY: That has not anything to do with the value of the land, necessarily.

Mr. ROSS (Calgary East): The land may have been improved in value. The improvements may have been by way of clearing the land. For instance, it may have been brush land, and the cost of clearing would be about $15 an acre. It may be that there was a growing crop sold with the land.

Mr. ILSLEY: All those things must be considered, and they are so treated in the section. Let me read the proposed section.

Mr. ROSS (Calgary East): The value may have been fair enough when it was made.

Mr. ILSLEY: All those things are to be considered by the court, and it is so stated. This is the proposed section:

33. (1) Where any debt secured on the land owned by a farmer or owing or payable by a farmer under an agreement for sale of any land has been reduced under any composition, extension of time or scheme of arrangement approved or confirmed by the court under this act, the farmer shall not, except with the leave of the court granted upon such terms and conditions as the court thinks fit, sell or otherwise dispose of such land or any part thereof or his interest therein within a period of three years after the date on which the composition, extension of time or scheme of arrangement was approved or confirmed.

(2) The conditions imposed by the court upon granting leave to any farmer to make any such sale or other disposition may include a condition that such portion of the selling price or other consideration, as the court deems equitable, having regard to all the circumstances and in particular to any improvements made to the land since the date of such approval or confirmation, shall become payable into the court in such manner and within such time as the court directs, and shall be applied by the court for the benefit of any holder of security on the said land or the vendor or assignee of the vendor under the agreement for sale.

Mr. SISSONS: I desire to commend the minister for the amendment suggested to section 33. I still think that the bill would be a better bill if section 33 were wiped out, but it is a good bill even with section 33 as amended in it.

An hon. MEMBER: Good for whom?

Mr. SISSONS: Good for the farmer. I would much rather have this bill with section 33 as amended in it than have no bill. I would commend that attitude to my hon. friends in the Social Credit and Cooperative Commonwealth Federation groups. Already there has been raised in this house the suggestion that the minister should drop this bill, and in view of the attitude taken by hon. members opposite I have been fearful that the minister might be persuaded to withdraw it. My hon. friends say that they are serving the interests of the farmers of western Canada, but I would point out that there is an even greater danger than the minister dropping the bill; I do not think that will happen, but shots have been fired in this house against the bill and it may result in the bill being killed in another place. I want to tell the Social Credit and Cooperative Commonwealth Federation members right now that they will not be able to evade their share of the responsibility if eventually this bill is killed by parliament.

Mr. DOUGLAS (Weyburn): We have no representative in the other place.

[Mr. G. H. Ross.]

Mr. SISSONS: If this bill is killed before it passes both houses, my hon. friends will have something to answer for to the farmers of western Canada.

Mr. DOUGLAS (Weyburn): The other place will have to answer for that.

Mr. SISSONS: My hon. friends will have to answer. The farmers of western Canada have prayed for release from their debts; they have prayed to be forgiven their financial obligations, and in future they might very well pray to be saved from such champions as the hon. member for Weyburn (Mr. Douglas), the hon. member for Yorkton (Mr. Castleden) and the members of the Social Credit group.

Mr. DOUGLAS (Weyburn): The hon. member for Peace River is very much concerned that the representations made by members in this corner of the house may result in the withdrawal or defeat of this legislation. I may tell him in the first place that the only member of the house so far who has asked for the withdrawal of this legislation is the hon. member for Calgary West (Mr. Edwards).

Mr. EDWARDS: I asked for no such thing.

Mr. DOUGLAS (Weyburn): The hon. member must have changed considerably.

Mr. EDWARDS: I asked for no such thing. I ask the hon. member to quote anything I said. I note that some of the observations of the hon. member who now has the floor are not in *Hansard*.

Mr. DOUGLAS (Weyburn): If any observations that I have made are not in *Hansard*, it is because the reporter did not get it. I did not check *Hansard*. I am not in the habit of doctoring *Hansard*.

Mr. EDWARDS: I merely stated a fact.

Mr. DOUGLAS (Weyburn): What is the fact, may I ask?

Mr. EDWARDS: I stated that an observation that my hon. friend made yesterday afternoon when I had the floor does not appear in *Hansard* to-day. It was the occasion for my including in my general observations in regard to integrity and honesty, the preachers' profession.

Mr. DOUGLAS (Weyburn): May I say that if that very profound observation to a none too profound individual is not in *Hansard*, it certainly was not because I took it out.

The CHAIRMAN: I should like if possible at this stage to have the discussion kept within the limits of the bill.

Mr. DOUGLAS (Weyburn): I shall be glad to do that. The hon. member for Peace River is much alarmed lest any opposition to this legislation may result in its defeat. I want to tell him that he can be absolutely certain that legislation that is as favourable to the creditor class as this is will go through.

Mr. ILSLEY: The hon. gentleman surely does not say that the creditor class is helped by this legislation. Suppose we had no legislation and a creditor in the western provinces had the same rights as a creditor in the other provinces, would he not have much wider rights than he will have as a result of this legislation? This legislation gives nothing to the creditor class; it takes away from them.

Mr. DOUGLAS (Weyburn): This legislation takes the power away from the boards of review and gives it to the courts. Apparently these boards of review have been much too sympathetic and much too generous to the debtor class, according to what has been said by many in this house and outside the house. I think the strongest objection that has been taken by various members is that the boards of review have been so generous, or as the minister says, so inconsistent.

Mr. ILSLEY: The hon. gentleman continues to say that this legislation was brought in because the boards of review were too favourable to the debtors. That is not the reason for the legislation, and the hon. gentleman should accept the reasons I have repeatedly given. That is not one of them.

Mr. DOUGLAS (Weyburn): I am stating that the effect of this legislation is to take power away from the boards of review and give it to the courts. If this legislation were not here, the boards of review would continue to function. The minister has been arguing all along for finality. There is to be no revision once a proposal has been filed, as far as the farmer is concerned. If the farmer is not able to meet the terms of the composition, there is to be no revision; there is to be no adjustment; he goes into bankruptcy unless he gets a postponement. The only group that can get a revision—that is what this amounts to—is to be the creditor group, in the event of the debtor selling his farm for more than the total amount of the debt against it. In other words, the only place where the principle of finality is to be dispensed with is the place where the legislation might work out in the interests of the farmer debtor. The principle for which the minister has been contending for two days is being violated by this section.

Mr. ILSLEY: I want finality where the parties concerned abide by the intent and spirit of the bill. This bill provides for finality where the man stays on the land for three years after the settlement. The object of the legislation is to enable him to stay on the land as an efficient producer. If he does so, there is every finality so far as he is concerned and so far as the creditor is concerned. But if he does not, if he gets a write-down so that he can stay on the land and then, as many have done, sells his land for a very considerable increase in value and gets off the land, he should come back to the court and say, "That was not the basis; I have changed my mind, I want to sell the land." The court may then impose a condition having regard to all the circumstances. That is the spirit and intent of the legislation, and I argue for that.

I point out another consideration, perhaps not strictly on this point, and that is that there is a considerable class who will take advantage of this, and the largest class, I take it. There is a second chance for the debtors who had their proposals confirmed before January 1, 1939—not all of them but those who come within the other conditions of the legislation. But the creditor does not have a second chance.

Mr. DOUGLAS (Weyburn): There may be circumstances under which the land is being sold not because of the choice of the debtor at all. The debtor may die and his widow be unable to carry on the farm; having no grown-up son, she is compelled by economic circumstances to dispose of the land. In that case she will take the case to the court and have to give the creditor whatever opportunity he can avail himself of to get part of the proceeds when she is disposing of her farm.

Mr. ILSLEY: That is correct, and I do not see anything wrong with that at all. I have a different point of view from my hon. friend. It may be my background, my environment or something like that, but I have seen people who take their savings and invest them in a mortgage on a neighbouring farm, say a mortgage of $2,000. Sometimes they had worked hard to accumulate those savings over a period of years. It would seem to me that if the farm were sold for three or four or five thousand dollars the person who lent his savings on the security of a mortgage should get back his $2,000 if the farm is sold. I do not see any reason why he should not. To propound these new partnership theories, this theory of heads I win and tails you lose, seems to me to take away the

whole foundation of our present contractual system. Some hon. gentlemen opposite would like to write out of contracts the contractual feature. I cannot as Minister of Finance agree with that. The dominion government has to live up to its contracts; each one of us individually has to live up to his contract, and apart from recognizing the emergency feature here and going as far as is necessary to meet it, I cannot agree to go any farther.

If a man comes in under this legislation, which is designed to keep him on the land as an efficient producer, and has his mortgage written down from $5,000 to $3,000 and his estate is able to get $5,000 for the land, my hon. friend thinks it is a terrible thing that the creditor should be paid off the full amount of his mortgage. What is there wrong about that? The money was advanced on the land. There was a contract to pay back the amount of the mortgage. What social value is impaired there? What harm will it do to the nation? The mortgage, we will say, had to be written down to keep the farmer on the land, and the farmer stayed on the land until he died, perhaps a year or two afterwards. Then it turns out that the land is worth a whole lot more than the mortgage. Why should there be anything wrong about the present owner of the land being obliged to go back to the court and get permission to sell on terms that will preserve so far as possible the contractual feature in the contract?

Mr. DOUGLAS (Weyburn): The minister asks what is wrong with the illustration he gave, and I notice that he got support from the hon. member for Rosedale. Their outlook is identical, and the minister will, I am sure, be relieved on that score. The minister states the case of a man whose debts are $5,000. The man has probably paid back in principal and interest thousands of dollars already. Then he has his debt written down to $3,000 by the court, which recognizes in that adjustment the value of the farm and that the farmer has already paid back large sums of money and has worked on the farm to break it and clear it and has some equity in it. Now, says the minister, if that land is sold by the estate for $5,000, why should the farmer's widow or his heirs get $2,000? That is what it amounts to. Why should the creditor have to put up with $3,000, he asks, when there are $5,000 of proceeds? Why should not the wages of money come first? Why should not the wages of labour simply be written off? That is what the minister is saying. The minister is saying that the wages of capital are the only wages that are to be sacrosanct, that the only contract is a property contract, and that the money that has already been paid out by the farmer and his family and all the work they have put in on the farm are not to be regarded at all. That is his whole assumption. If the proceeds from the farm amount to $5,000 the creditor should take it all, and the man's family who have already paid in so much and have done so much work on the farm go without anything. What is wrong with that, the minister asks? There is a great deal wrong with it. There is a complete failure to recognize the farmer's equity and the hard work that has been done by hundreds of farming people all across this country. If the minister is going to argue along that line there is no common ground upon which we can argue, because in his eyes the only sacred thing is the obligation to the people who have invested their money. We are trying to get the minister to recognize that when there is a loss, as there has been a loss in western Canada of millions of dollars because of the depression and drought, that loss must be shared equally by both sides, and the labour that the farmer has put in and the payments that have already been made by him warrant him in having some return from the proceeds of that farm. He has as much right to it as the creditor.

Mr. MITCHELL: I just want to say to my hon. friend, who comes from the old country like myself, that one thing that has made the British people great is sanctity of contracts. My hon. friend has the thing in reverse. He is trying to tell the house that the man who lends his money is a scoundrel and that the chap who will not pay back what he owes is a hero.

Mr. DOUGLAS (Weyburn): Not at all.

Mr. MITCHELL: I was always taught, as I am sure my hon. friend was, that if you borrow money and spend it foolishly you must pay it back just the same. I think that is fundamental.

Mr. DOUGLAS (Weyburn): And you would apply it to the farmer in this case?

Mr. MITCHELL: I certainly would. If he gets a mortgage for $6,000 written down to $3,000 and then sells his farm for $6,000, a part of those proceeds belong to the person who lent him the money. To destroy thrift is to destroy civilization. I know hundreds of working people in communities all over this country who have saved a few hundred dollars by hard work and thrift and are lending it out, and we must have regard for these people and their savings. I am not

talking of the big loan companies but of the hundreds of working people one meets in every community. In fairness you must have some regard for the other fellow. Of course we all know that through hard circumstances a person may at times be unable to meet his obligations.

Mr. DOUGLAS (Weyburn): In the cases handled under the Farmers' Creditors Arrangement Act by the boards of review, what percentage of the mortgages are held by individuals?

Mr. ILSLEY: We have no record.

Mr. FAIR: There is something we are losing track of and have continued intentionally, I believe, to lose track of, and that is that there is no guaranteed cost of production in our economic system.

The CHAIRMAN: I have already given a ruling on discussion of that kind. There was a long debate on the motion for the second reading of the bill, and that point has been brought up at least a hundred times. I do not say that to depreciate the importance of the point the hon. gentleman is raising, but I think the committee should now confine itself strictly to each section as it comes up for consideration.

Mr. FAIR: The minister has brought forward several arguments to substantiate the case he is trying to make, and I have an equal right—

Some hon. MEMBERS: Order.

The CHAIRMAN: I must insist upon my ruling. The time has come when hon. members should observe the rule and confine themselves to the section before the committee.

Amendment agreed to.

Section as amended agreed to.

On section 34—Powers of director of soldier settlement preserved.

Mr. FAIR: Will the minister explain this clause?

Mr. ILSLEY: It is self-explanatory. It does not interfere with the rights which the director of soldier settlement has under the legislation governing his operations. He has certain powers of rescission which I believe were carefully framed and debated in the house, and he is not subject to the limitations of this act.

Mr. PERLEY: I do not think we can object to this section, but I submit that it should be cut out altogether. Certainly the soldier settlers are not getting a square deal. Within the last week or ten days there has been evidence of one or two of them having been closed out, and a number of agreements have been cancelled in the last year or since the war broke out. In my opinion this should be cut out altogether and the soldier settlers should be allowed to come in in some other way, so far as this is concerned.

Mr. DONNELLY: Under the Soldier Settlement Act the soldier settler is allowed to take advantage of this act to have his debts adjusted, is he not?

Mr. ILSLEY: Yes; he can do so. Debts due the crown are subject to adjustment under the act, and that would include debts due the soldier settlement board. This section means that if he makes default the director of soldier settlement does not have to put him into bankruptcy and go to the courts. Under the proper legislation he can exercise his power of rescission with respect to any rights or remedies he has in relation to the soldier settler.

Mr. DONNELLY: The soldier can have his debts adjusted?

Mr. ILSLEY: Oh, yes.

Mr. CASTLEDEN: I understand that if there has been any arrangement by the soldier settler under the Farmers' Creditors Arrangement Act, any act done or adjustment made is hereby rescinded, and that the director can now carry out arrangements under his own power.

Mr. ILSLEY: That is not what the section says.

Mr. CASTLEDEN: It says:

> Nothing in this act or in any composition, extension of time or scheme of arrangements approved by the court or confirmed by the board of review under the Farmers' Creditors Arrangement Act, 1934, or approved or confirmed by the court under this act, relating to the debts or affairs of a purchaser of land, or of an assignee of a purchaser of land, under agreement for sale from the director of soldier settlement, shall be deemed to limit or restrict the powers of the said director. . . .

The interpretation of that would be that if there has been some adjustment under the old Farmers' Creditors Arrangement Act this section at once does away with that and allows the director to carry on.

Mr. ILSLEY: The hon. gentleman has left out of account the last two and a half lines:

> . . . if the purchaser or assignee defaults in carrying out the terms of the composition, extension of time or scheme of arrangement.

Mr. CASTLEDEN: If he defaults or has defaulted in the past?

Mr. ILSLEY: Default would be a continuing thing. If he has defaulted in the past and the default continues, the continuing default will be covered by the words of the section.

Section agreed to.

Section 35 agreed to.

On section 36—Certain provisions of R.S., c. 11 not to apply.

Mr. CASTLEDEN: Is there any particular reason why these gazettings should not take place?

Mr. ILSLEY: To save expense.

Mr. CASTLEDEN: What does it cost for the gazetting?

Mr. ILSLEY: There is another reason, and that is to speed up the work. I do not know what the expense would be.

Section agreed to.

Section 37 agreed to.

On section 38—Personal representative of person appointed may apply.

Mr. ILSLEY: To make this section comply with the amendment we made last night, the words "may, ex parte," in line 29, should be struck out and the word "shall" substituted therefor.

Mr. MULOCK: I so move.

Amendment agreed to.

Section as amended agreed to.

Sections 39 and 40 agreed to.

On section 41—Governor in council may make rules and regulations and establish tariff of fees.

Mr. FAIR: May I ask the minister whether, in the formulation of the rules and regulations governing the administration of the act, organized agriculture will be given the right to have some say?

Mr. ILSLEY: I cannot give any undertaking to that effect.

Mr. FAIR: Would the minister suggest to those making the rules and regulations that such a right be granted?

Mr. ILSLEY: I should not like to give any undertaking that organized agriculture will be consulted. If consultation is to take place, there are many interests that ought to be consulted, to be fair, and the governor in council will have to take the responsibility for the rules and regulations, just as they do with any other acts, responsibility for the performance of which is vested in the governor in council.

Mr. DOUGLAS (Weyburn): These rules, I imagine, will provide the machinery under which the land appraisers will operate. Will they be responsible to the various district courts, or will they be responsible directly to the minister here and the administration set up in Ottawa?

Mr. ILSLEY: They will be responsible to the minister.

Mr. DOUGLAS (Weyburn): In other words, then, if the district court judge wants some information regarding the value of certain land, its productive capacity and so on, he will communicate with the administration here; is that the idea?

Mr. ILSLEY: Oh, I do not think so. Some arrangement will be made so that he can call in these appraisers. Facilities will be available; persons will be appointed by the governor in council and will be available for assistance to the judges.

Section agreed to.

Section 42 agreed to.

On section 43—Rate of interest.

Mr. PERLEY: Will the minister give consideration to making the rate of interest four per cent instead of five?

Mr. ILSLEY: I do not know that there should be such a great reduction as that. It is only in the cases where the rate of interest exceeds seven per cent that this section applies. This is taken from the old act; it is to apply to those high rates of interest where the interest rate collectible is more than seven per cent; then, by tendering the money, the mortgagor can get it down to five per cent.

Mr. PERLEY: I want the minister to consider reducing it to four per cent.

Mr. JOHNSTON (Bow River): Does that mean that all interest rates will be cut down to five per cent?

Mr. ILSLEY: No, it does not mean that at all.

Mr. DOUGLAS (Weyburn): I think the minister ought to give some consideration to a provision, either this section or another, dealing with the question of interest rates. This deals only with the case where the farmer has been paying more than seven per

cent; he is now given a new proposal under which the interest rate will be five per cent, but if he has been paying six or seven he may continue to pay six or seven. The minister will agree that a study made of western conditions by the Sirois commission showed that agriculture in the west cannot pay a return of six or seven per cent. One of the things which has ruined western Canada, as has been said repeatedly by those who have examined conditions there, is high rates of interest. Over a period of years one of the reasons that farmers have been under such a burden of debt is the high rate of interest, compounded year after year. The minister would be well advised to consider fixing a maximum rate. If he is not prepared to cut it all to five per cent, he could set a maximum of, say, six, but as it is now it really means that if a man pays seven he will keep on paying seven, and if he pays six he will keep on paying six. I do not think that on back debts the average farm to-day will support six or seven per cent interest. What a number of hon. members who keep acting as though we were trying to deprive somebody of his just due do not realize is that you cannot get blood out of stone, that if the farm does not produce a crop you cannot get a return from it, and in a country where, at least in some parts, the average of crops is only two or three good crops out of five, a farm will not support a family, meet running costs, and pay a high rate of interest on debt, particularly on a back debt which has piled up in addition to more recent debt. The minister would be well advised to consider a provision that in these compositions there will be a maximum rate of interest, and that that maximum should be not more than five per cent. I would go even lower, but I think five per cent is the very most that the average farmer's farm will support on back debt.

Mr. JOHNSTON (Bow River): Why does the minister consider that some should pay 7 per cent and others have their rate reduced to 5 per cent? Why have two rates of interest? I know that some have paid it over the years, but we are now making an adjustment, and surely when the minister is permitting some to come down to 5 per cent, all should be brought down to 5. I agree with the hon. member for Qu'Appelle that probably the rate should be down lower than five in order to make it possible for the farmer to pay, but since the minister has the rate here at 5 per cent I suggest that all should be cut to 5 per cent, because, as has been pointed out by the hon. member for Weyburn, it is just impossible for the farmer to meet contractual obligations if they are too onerous. It is useless to put an impossible proposition before a farmer and expect him to live up to it. You may sell his land and put him off the farm, but you will not make him pay, because payment is utterly impossible. In all fairness the minister should cut the rate of interest to 5 per cent; that should be the highest rate.

Mr. ILSLEY: The rate of interest charged by the Canadian farm loan board on first mortgages is 5 per cent, and on second mortgages, I believe, 6 per cent. Something depends on risk when one is trying to ascertain what is the appropriate rate of interest. This section merely provides that a person can get his interest on an existing mortgage down to 5 per cent if he is in a position to tender the mortgagee the value of the mortgage.

Mr. JOHNSTON (Bow River): He would have to tender him everything?

Mr. ILSLEY: That is right.

Mr. JOHNSTON (Bow River): Back payments of principal and interest?

Mr. ILSLEY: That is right. I do not know of any use to which the section has ever been put. I do not know that we would be justified in putting the rate any lower. We might, perhaps, put the penal rate in there; that is what the 4 per cent would be, because it would just be punishing the mortgage company for not releasing a mortgagor when he is tendering the principal and interest.

Mr. JOHNSTON (Bow River): You could bring it down to 5 per cent without any penal provision.

Mr. ILSLEY: Well, 5 per cent is the rate in the section. It is the rate of interest charged by the government itself—the Canadian farm loan board. Answering the hon. member for Qu'Appelle, I do not think there is any necessity of changing the terms of the section. The hon. members for Weyburn and Bow River have raised another point, as to whether we should give a statutory direction here to judges that they would have to reduce the rate of interest to 5 per cent on mortgages in all cases before them. As a matter of fact, in practice the boards of review in Alberta and Saskatchewan, I believe, have been pretty generally reducing the rate of interest to 5 per cent in the case of applications to them. I think that is the case in Saskatchewan, and it was the case in Alberta; perhaps it is now.

Mr. JOHNSTON (Bow River): Why should not this conform with that practice?

Mr. ILSLEY: This does not give them any direction one way or the other; neither did the other legislation give them any direction one way or the other. The theory of the legislation is that they will do what is appropriate to the individual case. However, the boards in Saskatchewan did take the view that in no case should anyone who could qualify for an adjustment pay more than five per cent. In many cases they did not think they could qualify for an adjustment, they were not entitled to any relief, they could carry their existing obligations without much trouble; in those cases I do not think they granted any relief. But where a case was made for not being able to meet their obligations and a board did make an adjustment of interest, they adjusted it down to five per cent. I think it is a matter for the tribunal, rather than for a statutory direction. I am afraid that a statutory direction would be too rigid. Maybe the proposal went farther; maybe it was that all interest on farm mortgages should be reduced to five per cent. That is a matter of amendment to the Interest Act, and very large considerations are involved. I do not think we should take that up now; I do not believe it really belongs in this measure.

Mr. JOHNSTON (Bow River): But the dominion government is the proper authority to state what the rate of interest should be.

Mr. ILSLEY: Yes, we have jurisdiction over interest.

Mr. JOHNSTON (Bow River): And it would relieve the judges of that responsibility if we definitely stated in the act that the rate of interest on mortgages should be five per cent.

Mr. ILSLEY: What about the rate of interest on second mortgages; should it be higher?

Mr. JOHNSTON (Bow River): That would depend on the circumstances. I hardly thnk it should be higher, but we are speaking of first mortgages in regard to this legislation, and there is no question that it is the responsibility of the dominion government to state what the rate of interest shall be. I believe in this case we should accept that responsibility and relieve the courts of the necessity of deciding on that fact.

Mr. LECLERC: Can the minister tell us how much money the farm loan board has made or lost in the prairie provinces?

Mr. ILSLEY: I am sorry I have not the records of the Canadian farm loan board here, but in any case we are not dealing with the farm loan board in this legislation. I can tell the hon. gentleman, and I want to place this on record, the amounts by which secured debts have been reduced, and the amounts by which unsecured debts have been reduced, in each of the years of operation of the act. It is quite a table. This was asked for last night by the hon. member for Lake Centre, and with the consent of the committee I will place it on *Hansard*.

The CHAIRMAN: By leave of the committee.

Some hon. MEMBERS: Agreed.

Mr. ILSLEY: The table is as follows:

The Farmers' Creditors Arrangement Act, 1934

	Original debt dealt with		Reduction effected	
	Secured	Unsecured	Secured	Unsecured
From inception of act to March 31/36	$44,509,542	$6,617,933	$12,516,572 (28·12%)	$2,824,758 (42·68%)
April 1/36 to March 31/37..	36,568,458	4,938,921	10,816,057 (29·58%)	2,276,560 (46·09%)
April 1/37 to March 31/38..	58,068,458	7,608,053	18,318,796 (31·55%)	3,436,768 (45·17%)
April 1/38 to March 31/39..	33,699,344	3,964,374	14,788,662 (43·88%)	2,888,218 (72·85%)
April 1/39 to March 31/40..	35,779,325	3,152,027	15,515,048 (43·36%)	1,947,520 (61·79%)
April 1/40 to March 31/41..	27,817,947	2,166,658	13,188,100 (47·41%)	1,408,661 (65·01%)
April 1/41 to March 31/42..	15,426,894	1,233,221	7,170,917 (46·48%)	871,563 (70·67%)
April 1/42 to March 31/43..	11,638,048	880,260	5,634,597 (48·42%)	602,361 (68·43%)

Mr. DOUGLAS (Weyburn): Will the minister say just what objection he would have to doing away with this long involved statement in section 43 and simply saying, "in all compositions filed there shall be no interest rate charged higher than five per cent"?

Mr. ILSLEY: I think that is a matter that should be left to the courts. A big cut in the principal might mean the rate of

interest should be higher than five per cent. If the courts wished to evade that provision they could do so; they could leave the principal high and make the interest low, or they could make the interest high and the principal low. It would not accomplish a great deal, and this is a case in which the court should do what is appropriate to the individual case. I think that as a general rule in cases that qualify they do make it five per cent. People feel better about five per cent, no matter what is done about the principal. The security differs; some are first mortgages and others are second mortgages and I do not think it would be quite appropriate to say that the rate of interest should be the same on anything regardless of the risk assumed by the creditor.

Mr. DOUGLAS (Weyburn): I was not suggesting that the rate should be the same in all cases; I was suggesting that we should say the rate should not exceed five per cent, and there would be no objection if the rate were made four per cent in some cases. There should be some limit, because undoubtedly the difficulty will not be merely the matter of adjusting these debts. In the years that lie ahead, when the farmers are trying to meet the terms and obligations set out in these compositions, if the rate of interest is too high it will not be possible for them to do so, and as a result this parliament will be required to pass another act of this kind perhaps five years hence, or a great many of these farmers will be in bankruptcy.

Mr. ILSLEY: It does not mean very much to lay down a rule about one feature of the settlement. I think we have either to leave it all to the courts or not deal with it at all, and the scheme of the act is to leave it to the courts and let them do what is appropriate in the individual cases.

Mr. DOUGLAS (Weyburn): The minister has already stated one principle, when he dealt with the seven per cent provision.

Mr. ILSLEY: No, that does not apply to anything in the operation of the Farmers' Creditors Arrangement Act. I do not know why it is in here, except that it was in the old act and it has been carried into this act. This provides that if anyone, in any part of Canada, whether or not he has availed himself of the Farmers' Creditors Arrangement Act, tenders to the holder of the mortgage the full amount due the mortgagee, if the rate of interest on the mortgage exceeds seven per cent, after the tender of that amount the mortgagee cannot charge more than five per cent. That is all the section says. It is to enable mortgagors who are unfortunate enough to have mortgages on property with a very high rate of interest to get out of paying the high rate of interest if they can raise the money somewhere else.

Mr. DOUGLAS (Weyburn): Does this apply to persons others than those coming under the act?

Mr. ILSLEY: Yes. There is a confusion of thought or language here. This is in the act, but it applies to others than those coming under the other provisions of the act.

Section agreed to.

Sections 44 and 45 agreed to.

Schedule agreed to.

On section 2—Interpretation.

Mr. ILSLEY: Last night it was proposed that the provisions of paragraph (h) be broadened to include ranchers. I now propose that paragraph (h) of section 2 be deleted and the following substituted therefor:

(h) "farmer" means a person whose principal occupation consists in farming, which term includes stockraising, dairying and the tillage of the soil.

I think probably that is all right.

Mr. MULOCK: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Mr. ILSLEY: The old Farmers' Creditors Arrangement Act of 1934 contained a preamble, and I think this bill should contain a preamble also. Therefore I propose that the following preamble be added to Bill No. 132, and I would invite the careful attention of hon. members of the committee to this because I think it exactly describes the intentions and purposes of the bill. If anyone has any other views I should like to have them:

Whereas in view of the depressed state of agriculture in the three prairie provinces during the period immediately following 1929 the present indebtedness of certain farmers in that area is beyond their capacity to pay: and

Whereas it is in the national interest to retain such farmers on the land as efficient producers and for such purpose it is necessary to provide means whereby compromises or rearrangements may be effected of debts of such farmers, and also to simplify the operation of the Bankruptcy Act with respect to farmers generally.

Mr. MULOCK: I move accordingly.

Mr. ILSLEY: I think that expresses the purpose and intent of the act, and I believe it should be in there if for nothing more than the guidance of the courts, to a certain

extent. I find that the New Zealand act has a long section indicating the general purposes of the act and I think it is a mistake to leave this out.

Mr. SHAW: Is the preamble included when these bills become statutes? Is not the preamble dropped when they are bound? What is the value of a preamble; does it have any value to the bill itself?

Mr. ILSLEY: It is some guide to interpretation. It is published in the statutes.

Mr. JOHNSTON (Bow River): I understand that when the court is interpreting an act it does not consider the preamble.

Mr. ILSLEY: Yes, it does consider the preamble.

Mr. CASTLEDEN: Does the New Zealand act deal only with insolvent farmers?

Mr. ILSLEY: No.

Mr. CASTLEDEN: It takes in others as well?

Mr. ILSLEY: Yes.

Mr. CASTLEDEN: That is a very basic difference, I would point out.

Amendment agreed to.

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, I do not wish to delay the house, but I feel there are one or two things which should be said before the bill is given third reading. In its present form we do not feel this measure will be sufficient to deal effectively with the problems of western Canada. We have spoken at some length on the debate on second reading, and there has been considerable discussion in committee of the whole, on which occasions we have pointed out what we considered to be the main deficiencies. Very briefly I enumerate them:

1. We object to the section which states that two-thirds of the debt of the farmer must have been incurred prior to 1935 in order that the farmer may be in a position to make a proposal. We say that that date should be put forward at least to 1939.

2. We object to the sections which fail to provide legal counsel for farmers when they come before the courts, or when they make appeals.

3. We object to the bill on the ground that it fails to treat farm debts as a recurring problem.

[Mr. Ilsley.]

The western debt conference represented not only the three provincial governments in western Canada, but represented also the majority of farm organizations in the west. By no stretch of the imagination can it be said that the western debt conference dealt with this subject as a political football. I would ask the hon. member for Calgary West (Mr. Edwards) if he would suggest that the premier of Saskatchewan, or the Liberal government in that province, dealt with this matter as a political football. I would ask him whether the premier of Manitoba dealt with it as a political football. And if neither of those two did, then I think we must agree that the premier of Alberta did not deal with it in that way.

As a result of the deliberations of that conference a bill was submitted to the federal government on March 15 of this year. It is our submission that that bill deals far more effectively with western debt problems than does the one before the house. It has been suggested that if this bill were brought in line with the one suggested by the conference there might be some opposition in another place. I would ask this: Why should we allow any archaic body to set aside the will of the representatives of the people of Canada?

Therefore, Mr. Speaker, seconded by the hon. member for Battle River (Mr. Fair) I move in amendment:

That the said bill be not now read a third time, but that it be referred back to the committee of the whole, with instructions that they have power to amend it in such respects as will make it conform with the terms of the proposed "Act to Provide for the Adjustment and Settlement of the Debts of Farmers" submitted by the western debt conference to the dominion government on March 15, 1943.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I do not think it necessary for me to debate at length the details set out in the amendment. The objections stated by the hon. member for Acadia (Mr. Quelch) cover my objections also, and therefore I am pleased to second the amendment.

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I should like to point out the following features of the amendment, which I have not seen until this moment. The hon. member for Acadia (Mr. Quelch) takes three objections to the bill. The first is that it should not be confined to those, two-thirds of whose debts were incurred before May 1, 1935. The second objection is that the date should be January 1, 1939. That is really one point, namely that the date should be moved from May 1, 1935 to January 1, 1939.

As I said in the debate, I believe the present provisions of the bill will provide for the overwhelming bulk of the cases. I believe experience will show that in that respect I am right. I do not anticipate that there will be any rush to the courts by the farmers of western Canada, under present conditions, to avail themselves of the provisions of the bill. I believe that those cases in respect of which relief is really required will be embraced within the provisions of the bill, which confines such relief to those, two-thirds of whose debts were incurred before May 1, 1935.

I would point out, however, that even if some person who should have relief cannot come under that provision, he has the protection of the order in council. I believe the situation is such that we can see what the experience is under the bill as at present drafted. That really is one objection, that the date should be moved from May, 1935, to January 1, 1939. I have nothing further to say as to the reasons why I prefer to retain the date of May 1, 1935.

The second point, which was described as the third point by the hon. member, is that the bill fails to recognize the problem of debt as a recurring problem. That is inconsistent with the hon. member's first point, because it really means that there should not be any date at all, and that debts, whenever they are incurred, should be taken into account in qualifying an applicant for eligibility for relief. There is an inconsistency in those two positions. I suggest the hon. member should have put his case in this form: "I urge point No. 2; but if that cannot be done, then in the alternative I urge point No. 1." That is the only way in which the hon. member could make his contention consistent.

In regard to point No. 2, namely, that the debt problem should be regarded as a recurring one, several times in the course of the debate I have stated the reasons why I do not think this parliament should adopt the principle that debts, past, present and future, should be reducible by tribunals without applicants being under any obligation to divest themselves of their assets. I have pointed out that that is not the case with regard to the other provinces. It is not so with respect to any other class of Canadians, nor does it apply in any other country, so far as I have been able to ascertain.

That was not the principle of the debt adjustment act of the western provinces and it was not the principle of the Farmers' Creditors Arrangement Act. It would be a very serious principle to adopt. If we were to adopt that principle for western Canada, we certainly should adopt it for eastern Canada. There is no reason in the world for making that a sectional feature of our legislation. There is reason for making the present legislation sectional because it recognizes a prairie farm emergency which has passed, but the results of which have not been obviated.

If we are to lay down the principle that when the farmers of Canada borrow money they are not obliged to pay it back, even though they have security out of which to pay it back—if some court or tribunal says that they do not have to pay it back—if we are to lay down that principle, it must be a universal principle applicable all over Canada. If it is applicable to farmers, I think there are other occupations to which it should be applicable. It would be a serious step for this parliament to take.

Summing up the hon. gentleman's argument for his amendment, the only consistent way in which he could put it is that we should treat debt as a recurring problem. I have stated the objections to that, and I think they are serious. He could even have gone on and said, "I think your date is wrong, it should have been January 1, 1939, instead of May 1, 1935." That is a matter of judgment, but I think experience will show that the legislation as drafted reasonably meets the situation.

Mr. SPEAKER: The minister has made no reference to the fact that the amendment may increase the expenditure. If any hon. member wishes to speak to the question of the relevancy of the amendment, I should like to have his opinion before I rule.

Mr. MACKENZIE (Vancouver Centre): I think it is out of order on two counts. First, it makes an alternative suggestion which has no reference at all to the basic principles of the bill. It is an entirely new act that is being placed before the house; it is sending something indefinite back to the committee of the whole. In the second place, it may or may not involve additional expenditures, and if it does it would be out of order.

Mr. SPEAKER: I agree with the Minister of Pensions and National Health. It will be found in the third edition of Beauchesne's Parliamentary Rules and Forms, page 506, that I gave a ruling on August 3, 1940, to a similar amendment to a bill of a like nature. I quote:

> The Bill No. 118, an act to amend the Canadian Wheat Board Act, 1935, was again considered in committee of the whole and reported with amendments.
>
> Mr. MacKinnon (Edmonton West) then moved,—That the said bill be now read the third time.

Mr. Douglas (Weyburn), seconded by Mr. Coldwell, moved in amendment,—That the said bill be not now read a third time but that it be referred back to the committee of the whole with instructions that they have power to amend it by adding a provision that the wheat board shall make an advance payment to the farmer in respect to that portion of his wheat crop which he is required to store on his farm.

Mr. Speaker ruled the amendment out of order as its effect would be to change the principle adopted on the second reading of the bill and it requires a payment by the government which an honourable member has no right to propose.

In this case the amendment does change the principle adopted on the second reading, and it may require additional revenue to be provided by the government. Citation 551 of the second edition of Beauchesne provides:

It is a fundamental principle that no resolution or amendment to increase a charge upon the people can be moved with the Speaker in the Chair; it must be initiated in committee by a minister acting on behalf of the crown.

First, the amendment changes the basic principle of the bill as it passed this house on the second reading and, second, it implies that it may cause an increase in expenditures by the government which must be moved by a minister of the crown on the recommendation of the governor general. Therefore I rule the amendment out of order.

Motion (Mr. Ilsley) agreed to, and bill read the third time and passed.

NATIONAL PHYSICAL FITNESS ACT

PROVISION FOR ESTABLISHMENT OF COUNCIL FOR THE PROMOTION OF PHYSICAL FITNESS

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a bill to provide for the promotion of the physical fitness of the people of Canada, the constitution of a national council on physical fitness to carry out such purpose, the establishment of a special account in the consolidated revenue fund out of moneys appropriated by parliament and the disbursement from such account of moneys required for the purposes of the act, including grants to the provinces under agreements that may be entered into.

Mr. GRAYDON: I think perhaps that this is as appropriate a time as any for the minister to make a detailed statement with respect to the provisions and objects of the legislation to be founded upon this resolution.

Mr. MACKENZIE (Vancouver Centre): I shall be pleased to make a brief introduction by way of explaining this resolution, which is antecedent to a bill which has been on the *Votes and Proceedings* in the possession of hon. gentlemen for several days. The bill is printed and ready for distribution. This legislation is based upon a recommendation by the select committee on social security which was submitted to the house a few days ago. It is the result of careful consideration by that committee. Excellent evidence was given before the committee by gentlemen from the universities of McGill, Toronto and McMaster, and also by one gentleman who is interested in this work in a practical way in British Columbia.

Hon. gentlemen will recall that before the war there was a pronounced movement on the European continent in favour of such measures. Czechoslovakia and the Scandinavian countries had national fitness programmes. This matter was brought forward by the League of Nations in 1936, and in 1937 the British government sent an official commission to Europe to investigate the various systems in effect. In 1937 the health committee of the League of Nations sent representations to the various members of the league asking that they set up national bodies to deal with physical fitness. Those representations were duly conveyed at that time to the government of Canada, but no action was taken before the war. Schemes such as this are in effect in Australia, and to a certain extent in Great Britain and the United States of America.

The proposal in the bill, which follows the resolution, is to establish a national council of physical fitness. The grant proposed to the provinces is $225,000 on a fifty-fifty basis, and $25,000 for national administration. It is proposed that each province shall have a member on the council of physical fitness, and the national director will be the only paid official. The others will be entitled to their expenses when attending meetings dealing with the programme. The programme is not one of compulsion or coercion in the slightest degree; it is one of cooperation. In the first place there will be cooperation with other departments of government. The Department of Labour is now carrying on vocational training and has a recreational scheme under its selective service wing. There will also be cooperation with the provincial governments and with voluntary agencies and individuals who are carrying out work along these lines.

It is apparent to everyone that in the last two or three years in particular we have had brought home to us the fact that the standard of physical fitness among our people has not been as high as we should have liked it to be. The figures with regard to enlistments have

brought that fact strongly home to us. Voluntary organizations have been doing wonderful work in Canada in recent years along these lines. Some of the provinces have been doing work on their own, especially the two farthest west provinces, Alberta and British Columbia. As I say, these provinces have been giving consideration to this problem.

It is not a very comprehensive measure but at least it is a beginning; perhaps tall oaks may from little acorns grow. The legislation is non-contentious and non-controversial and has had wonderful support in the committee on social security. I hope that it will receive the same support from hon. members in the house.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the scope of the motion of the Minister of Pensions and National Health (Mr. Mackenzie) is a most commendable one. But to carry it out efficiently is another matter. In Canada we are naturally a hardy people, but the war has brought to light great defects in our physical education and our educational system generally. The resolution means that Canada at last will now have to embark on a system of national education concurrently with the provinces. National education goes back to the days of Thomas Arnold in 1840, when a great campaign for a revival of learning was conducted by this authority on education. He believed that book learning came last and that what came first was love of country, service and sacrifice to one's fellows, patriotism and the protection of one's country, and that Christian principles and physical fitness were second. He, as I said, placed religious and moral principles first, gentlemanly conduct and patriotism second, and intellectual ability last.

There has been a great change in thought of the people of the British empire as a result of the war. The war brought to light that a large number of our young people were not physically fit; it showed the need of a national movement to promote physical fitness among men, women and children, and our whole system of education from elementary schools to the universities seemed to have been lacking and deficient.

I think this resolution would be better if it provided that grants should be made to the municipalities instead of to the provinces. The money in turn could be distributed among boards of education, public and separate schools, primary and secondary schools and the universities. Some provinces have a different system of distribution from others, so that I think it would be better to make the grants directly to the municipalities. But certainly the physical fitness movement should be national in scope. Everybody is familiar with the sight of several hundreds of spectators watching a small group of players in some particular sport, but the universities have changed all that and established an extra-mural curriculum under which every student will have to take some compulsory training in physical exercises and sport. The result is that at McGill and Toronto universities ninety-nine per cent of the students will now be taking compulsory physical exercises and taking part in extra-mural sports, the only exceptions being those who are excused on a doctor's certificate.

I think this department should also promote, foster and encourage all kinds of sport. We have had no national policy on sports since the war began, no well thought-out plan in relation to the war. We are now entering the fifth year of the war, and the government should, before parliament adjourns, issue a considered statement in relation to the function of sport in view of the new rules and regulations of national selective service and the further reduction in railway travel for non-essential purposes. Such a statement should cover amateur sport, to which we owe so much in this war, as shown by the great numbers of amateur sportsmen who have enlisted and gone overseas, some of whom have been killed. It should also cover professional sport; the joint military forces schedules of sport contests, and their military leagues, and the wide travelling of some from coast to coast that is involved; also national civilian and military contests of all kinds. Will anything be done in war time to reduce the cost of tickets to some of these contests and scheduled games? I believe in the promotion of sport and should like to see it made a part of this important resolution. Canada has excelled in this war, as it did in the last, largely through sportsmanship of all kinds and branches. Our young people rushed to the colours, and the first to go were those who had had cadet training and the best of those who had engaged in all sport. It was a retrograde step to abolish cadet training. Then there were those who enlisted early in the war who had taken part in sports and all kinds of games. I have been a warm supporter of sports, but now that we are in the fifth year of the war there should be a national statement from the government to clear the air as to what shall be done to finish the war and then what shall be done afterwards.

True it is that the secondary schools have promoted physical fitness by physical exercises and sports and games. They have coaches in every branch of sport who give their time free and their money and lend their cars

for this purpose, teaching the young people how to play up and play the game, how to play for the love of the game and develop the team spirit. What has been done in the primary and secondary schools of this country and universities and by sports clubs in the last ten or fifteen years has been most commendable, and I hope the minister will not be unmindful of the very important work that has been done along these lines by the secondary schools, by the public and separate schools and private schools and universities. I am a warm supporter of amateur sport, which should be continued throughout the war. As to professional sport, professional baseball is played mostly by Americans, but the Toronto team has given splendid leadership in the Toronto district. The work of the Toronto baseball club has been most commendable. They admit soldiers free to all the games. Our football, hockey and other teams have also done excellent service at home and overseas in the war, and should be continued in the usual way. Some small abuses have crept in; for instance, those in some of the forces are transported from Vancouver to Halifax to play in possibly only one game. The government promised a statement on this matter of national sport in relation to the war long ago, and I hope they will look into the whole question. I believe the people of Canada will support the government in continuing sport for sport's sake during the war.

Some people say we are fighting this war for two purposes: One is to defend Christianity, and they do not tell the youth of the country what Christianity is; and the second is to protect the British empire, without telling you what the British empire is and what it has meant down the ages. The teachers in our schools are excellent, but rules and regulations hamper them.

We have always been fond of games, and I hope there will be a united effort from coast to coast to make this national physical fitness campaign a success. The medical profession has urged it for years. Physical fitness has always on a large scale been an important part of the work of secondary schools and universities, and of our community clubs. A school should not be judged by examinations only in studies, but by patriotism and service for others.

As I said before, I think the funds, instead of being distributed to the provinces, should go to the municipalities and boards of education, urban and suburban. It is well known that there has been a heavy burden on the taxpayers for education. The tax rate in the city I come from is high. We have a tax burden of $12,000,000 a year now, and in this work the municipalities should receive some federal assistance. After all is said and done, one of the mistakes of the fathers of confederation was not to give the dominion and the provinces concurrent jurisdiction in the matter of education. The result has been that medicine, science and all these other things that are so essential to physical fitness have had little or no support from the federal government, with the awful cost to our man-power in the war.

I commend the minister generally and I hope that before this part of the session is over, there will be some statement regarding national sport, along the lines I have suggested, to clear the air for the remainder of the war and after it.

Mr. GORDON GRAYDON (Leader of the Opposition): I have no desire to take up much of the time of the house at this stage of the resolution, but I believe that the people of Canada generally will agree with the objects that lie behind it. As to the means by which they are to be achieved, that may be another matter. In any event, that will be made apparent at a later stage when we are discussing the bill.

The minister referred to physical fitness as disclosed by the examinations that took place as men and women entered the various armed services of the country. That was a revealing bit of statistics and one which no doubt had a considerable bearing and influence upon the committee that dealt with this particular subject. The fact that the social security committee largely agreed with, and perhaps were unanimous in bringing in, such a bill indicates I believe the necessity for parliament keeping abreast of public sentiment on health matters generally.

Most of us who have observed public movements in this field know that the people are conscious of health measures, and we know that this movement has been considerably accelerated in recent years. One only needs to note that there are large numbers of people in Canada to-day who are reading those columns that discuss the health of the individual. In addition to that the insurance companies, who are of course interested in rates of mortality, have taken it upon themselves, in their several private capacities, to acquaint the public with certain important features of public health. All these matters have received the conscious consideration of the public and what we have before us is a logical move in the direction of certain definite ends which the public has in mind.

One of the things which of course this government as well as the country will have to take into earnest consideration is that part and parcel of any physical fitness scheme is

the question of nutrition, in which both the minister and his department are interested, and that involves the question of the means by which our citizens of all classes shall have the right in the years to come to a sufficient income with which to purchase the proper kinds of food in order that their health may be preserved. I do not think that this resolution should pass without some reference being made to that particular point, because I am convinced that some at least of our difficulties come to us from those days when the country was not as affluent as it is at the present time. In my part of the country I had a good deal of experience with men and women who found it necessary to go on relief. Those are days which none of us want to see again.

I would emphasize that hand in hand with any solution that is proposed for the whole problem of physical fitness is the corollary of full employment and a full pay envelope. Without that, it seems to me that all our physical fitness programmes will fail of their effect. If that is not seen to, I am afraid for the success of any programme the government contemplates. We as a nation must find a way to succeed so that we shall never see again a condition in which our citizens are deprived of the means with which to obtain proper food and all the other factors that enter into what constitutes physical fitness.

I bring that to the attention of the minister because I appreciate that no programme, no matter how good it may be on paper, no matter how much the government may wish for its success, can succeed in the future unless the people are able to get the necessary food and to pay for it. They must be able to maintain that standard of living which all of us would like to see them have. But there is another reason why a measure such as this should be introduced. The question of physical fitness suggests the question of relief or the dole, and we all know that the mental very often controls the physical; because men and women who find themselves in conditions that make for despair cannot be physically fit. I therefore make this plea to the government in the hope that in the days ahead of us we shall not only plan for a programme such as that which the minister now envisages in this resolution, but shall make it possible to provide the means whereby such a programme can be properly carried out. Without those means I do not think that success can be attained.

Mr. J. K. BLAIR (Wellington North): I must congratulate the committee upon the work they have done and the minister upon the services he has rendered the country. In my opinion a great deal can be done by way of radio and the opera. A great deal can be done by following the guide which the insurance companies give in the requirements they lay down for their policyholders. There is very little that can be done through the administration of drugs. We shall never revolutionize the world by administering drugs, and I may say that one thing I have always tried to avoid if possible is giving people medicine. The great thing is to give them the proper foods. We should think of drugs as a specialized kind of food which the patient needs at a particular time. Do not draw a line of demarcation between foods and drugs, but give the patient what is necessary for his health, of whatever type it may be, call it drug or food. It can easily be worked out by the doctor in charge.

I like what the leader of the opposition (Mr. Graydon) said in regard to finance, but I would point out that the people in this country who have sturdy constitutions are not those who were raised on high finance. There is a saying, blessed is the man who has tasted poverty in his youth. I think that is very true, and I would be sorry to see our young people getting any more money than they have. Instead of raising standards of living, if that means simply giving them more money, we should lower the standards. Think of the people who have died in various towns. The great majority of them have not passed on as a result of Marasmus. Many of them are fellows who could hardly get into their seats; they are the ones who sacrificed themselves on the altars of Bacchus or Vulcan. They are the ones who have disappeared.

The work of the committee should be guided largely by the method of living instead of placing too much emphasis upon giving drugs. If methods of living are guided the nation's health will be greatly benefited.

I appreciate very much the work which the minister is carrying on. We expect great things from this social legislation programme.

Mr. G. H. CASTLEDEN (Yorkton): For years this group has pointed out the need for some such measure as is introduced by this resolution, and it is greatly to be regretted that a few years ago the nation's health was not deemed worthy of action of this kind. It is disgraceful that there had to be a war to bring out the records of the standards of Canada's health. That health standards were low was generally known, but something prevented action. The excuse that it was a provincial matter and that there were provincial departments of health to look after it is now proved to be an empty one. We cannot but think how much good would

have been done if in 1930 an expenditure had been undertaken to help Canada in those years of stress.

I am sure the minister will receive with regard to this measure the cooperation which he has asked of the Cooperative Commonwealth Federation group. What he is proposing is very much in line with the policy we have advocated since the inception of our party. It is to be hoped that this programme will be enlarged, that it is but the beginning of something greater and better. I am sure the minister will find that people throughout the dominion will gladly cooperate with him for the estimable ends at which the resolution aims.

Mr. W. F. KUHL (Jasper-Edson): Anyone who wishes to see Canada a great nation cannot help but support the principle and the ideas involved in the legislation contemplated by this resolution. It is a self-evident fact that a great nation must be a healthy nation, and I agree entirely with all those who have expressed the sentiment that legislation of this kind is long overdue. But I also agree with those who have suggested that the question of health is not merely a matter of dealing with the physical deficiencies which exist, but as is the case with all problems which are considered in this house or elsewhere, it resolves itself down in its final essence to where we always arrive at—the question, what are we to use for money? That is the point I wish to leave with the house in the consideration of this question.

I do not think governments need to point out to individuals the necessity of raising their standard of living and improving their standard of health; these things occur naturally to individuals; and if circumstances are such that they can avail themselves of what is needed to raise their standard of living to what it ought to be, the people will do so. A question which has always arisen before the war is, what are we to use for money? I wish to point out to the house that until every party represented here tackles the question of money, it is idle to talk about solving any problems. When the war is over we shall have a tremendous debt to take care of. The interest on the war debt alone will probably amount to a sum equivalent to what the government was spending for all national services; and if the people are to be expected to pay interest on a debt which I consider is unreal and fictitious and take care of all the other debts which have arisen and endeavour to solve all their problems by means of the monetary policy which was in vogue prior to the outbreak of war, these problems will be absolutely impossible of solution.

Therefore, on behalf of the Social Credit party, I wish to say that we are not only in sympathy with and have always advocated the highest possible standard of living that was physically possible in this country, but have invariably accompanied our policies with concrete proposals as to how to bring this about. I am not going to enter at the present time into a discussion of monetary policy, but I wish simply to suggest that, unless that problem is tackled, we may as well forget about trying to raise the standard of living and promote health. Solve the money problem, and all other problems will automatically take care of themselves.

Mr. D. K. HAZEN (St. John-Albert): I suggest that if we wish to promote the physical fitness of the Canadian people, members of parliament might in the first place set the example. I know it is easier to teach twenty persons what is good to be done than to be one of the twenty to follow our own instructions. But my first suggestion is this, that we install in this house a proper air-conditioning system, and, in the next place, install a proper ventilating system.

Mr. MACKENZIE (Vancouver Centre): That is for the Department of Public Works.

Mr. HAZEN: If we get along that far, we shall have made some progress in the physical fitness of the people of this country, and then, with that example before us, we may proceed somewhat farther. We might, in fact, take steps to have the ventilating system in our various committee rooms greatly improved.

I might make other suggestions, but I do not wish to take up the time of the house now, and I think, with these brief observations, I shall let the matter stand as it is.

Mr. GRAYDON: The hon. member has made a good contribution, at that.

Motion (Mr. Mackenzie, Vancouver Centre) agreed to and the house went into committee, Mr. Bradette in the chair.

Resolution reported, read the second time and concurred in. Mr. Mackenzie (Vancouver Centre) thereupon moved for leave to introduce bill No. 138, to establish a national council on physical fitness.

Motion agreed to and bill read the first time.

Mr. MACKENZIE (Vancouver Centre) moved that the bill be read the second time.

Mr. MacINNIS: Before the bill is read the second time, I should like to ask the minister if it has been distributed.

Mr. MACKENZIE (Vancouver Centre): In the first place it was in *Votes and Proceedings,* No. 110, as a result of the report of the committee. Then it was printed two or three days ago, and should have been distributed by now.

Mr. MacINNIS: It is not on our files.

Mr. GRAYDON: I was also going to raise an objection to giving second reading to a bill which has not been distributed, but I must confess that I thought there was a little distinction in this case, because the bill did appear in *Votes and Proceedings,* and I thought perhaps that was sufficient notice to most hon. members.

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

Section 1 agreed to.

On section 2—Definitions.

Mr. GRAYDON: Has the government given consideration as yet to the appointment of a national director and, if so, has it come to any decision?

Mr. MACKENZIE (Vancouver Centre): No; as yet not the slightest consideration has been given any particular appointment.

Mr. GRAYDON: Has the government any special factors in mind in connection with an appointment of this kind?

Mr. MACKENZIE (Vancouver Centre): The most pressing desire would be to get the best qualified man we can find in the Dominion of Canada. There are some very fine specialists in this field, some attached to universities and others in other capacities, who have devoted most of their lives to the study of physical training and physical fitness in all its aspects.

Mr. GILLIS: What will be the qualifications necessary; will he have to be a medical man?

Mr. MACKENZIE (Vancouver Centre): No, not at all.

Mr. GILLIS: A specialist in physical culture?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. STIRLING: Would the minister explain where the provinces come into this scheme, if they do come into it?

Mr. MACKENZIE (Vancouver Centre): The basis of the bill is cooperation with the provinces, and a contribution by the provinces of fifty per cent of the total. The federal government makes available $225,000 for distribution to the provinces and $25,000 for the central direction of the scheme; that is, for the expenses of the director and his staff. This money will be allotted to the provinces on the basis of population, with the idea that they will contribute fifty per cent of the total cost. The administration will be left largely with the provinces, in some of which there are now excellent schemes under way. This is intended rather by way of guidance and assistance to the provinces in carrying out these schemes.

Mr. STIRLING: Have the nine provinces indicated their willingness to work in with the scheme as it is laid out here?

Mr. MACKENZIE (Vancouver Centre): About nine months ago, I think, we had a conference with the various provincial ministers of health, and none of them said his province would not come in. My recollection is that six or seven of them indicated their definite willingness to participate. At that time the scheme was in a fairly rough state; the bill was not in its final state as it is now.

Mr. STIRLING: None of the provinces has taken legislative action as yet?

Mr. MACKENZIE (Vancouver Centre): Not so far.

Section agreed to.

On section 3—Constitution of council.

Mr. GRAYDON: With respect to this council of not less than three and not more than ten members, which is to be appointed by the governor in council, will these appointments be made for geographical reasons, or on the straight basis of qualification, or how will this number be made up?

Mr. MACKENZIE (Vancouver Centre): On a geographical basis, one from each province, nominated by the province. The advisory council will be nominated by the provinces and the director will be named by us.

Mr. GRAYDON: Is it fair to suggest to the minister, even in these non-partisan days, that the matter of political parties should not be specially considered when appointments are being made?

Mr. MACKENZIE (Vancouver Centre): I do not think any of the provinces would make recommendations on that basis.

Mr. GRAYDON: This legislation calls for anywhere from three to ten members of the council, which would indicate that perhaps all

the provinces may not have representation. How will the minister create the necessary machinery?

Mr. MACKENZIE (Vancouver Centre): It would be quite possible that not all the provinces would come in at the start; we might have six or seven of them come in. I cannot say as yet, until they are approached in regard to the actual bill. However, my hon. friend may rest assured that the representation will be as fair as possible, and that if all the provinces come in they will all be represented on the council.

Mr. GRAYDON: Will the maximum number of ten include the national director, or will it be exclusive of him?

Mr. MACKENZIE (Vancouver Centre): Inclusive, I understand.

Mr. CHURCH: Would it not be far better to have the bill lay down a standard form under which provinces or municipalities could get aid from this fund, instead of setting up a cumbersome department here in Ottawa to duplicate the work done by the provinces, the municipalities, the boards of education, the universities and so on? Would it not be far better for the government to lay down a standard rule under which these grants would be made available, with a federal council administering the regulations and meeting once in a while? I think it would be far better if the funds were handled in that way.

Mr. MACKENZIE (Vancouver Centre): If the hon. member looks at section 7, he will see that it provides:

> Where a province establishes an organization for the purpose of cooperating with the council in carrying out the provisions of this act. . . .

While standards will be set up, it will not be done by way of compulsion but by way of coordination and cooperation, and the provinces themselves will establish these organizations. We have had offers of cooperation from hundreds of organizations all across Canada, of which I might mention a few: the Canadian physical education society, Montreal; the Quebec physical education society; the New Brunswick physical education society; the Manitoba physical education society; the British Columbia physical education society; the Canadian youth hostel association; the national council, Y.M.C.A., Toronto; the national council, Y.W.C.A., Toronto; the Canadian camping association; the Greater Winnipeg association of physical education, and very many others in Toronto, Hamilton, and many other districts across Canada.

Section agreed to.

[Mr. Graydon.]

On section 4—Duties and powers of council.

Mr. MacINNIS: I am just wondering in what ways, other than the granting of money, the council can assist in promoting the physical fitness of the people of Canada, as outlined in this bill. Possibly this is not the section on which I should refer to financial assistance, itself. But I would point out that $225,000, if divided equally among nine provinces, would give only $25,000 to each one. If it is divided on a per capita basis, the province with the smaller population would receive very little indeed. I am just wondering what the council will be able to do in the promotion of physical fitness in, say, a province like British Columbia, with the small amount of money which would be available for that province. Has the minister any note as to the amount to which British Columbia would be entitled?

Mr. MACKENZIE (Vancouver Centre): The essential function of the national council would be to give guidance and direction, and as far as possible to have a uniform programme. There would not be any definite emphasis laid upon that.

Then, in regard to the amount of money, it was felt that this was at least a beginning. Australia voted £20,000. For a beginning this will at least enable us to see how fruitful the field may be. Of course, while more money could be expended, it is better to have the scheme in operation, so that we may take note of its possible weaknesses and strengths before we embark upon a more comprehensive programme.

Mr. MacNICOL: I note that section 4 (a) refers to assisting in the extension of physical education in primary and secondary schools. Would the provinces have to give their consent?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MacNICOL: That is taken for granted.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MacNICOL: Then, paragraph (d) refers to the organizing of activities designed to promote physical fitness. Would there be a special school established somewhere, for the special purpose of training teachers?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MacNICOL: Under whose direction would the school be?

Mr. MACKENZIE (Vancouver Centre): Under the provincial authority. Any organization carrying out this work in the province would be under the direction of provincial authorities. Our function is to coordinate and cooperate as much as we can.

Mr. MacNICOL: Each province would establish its own schools?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MacNICOL: Then, under paragraph (e) there is a provision for cooperation in the amelioration of physical defects. I like that paragraph very much. There are many young people throughout Canada who are handicapped on account of physical unfitness. Some suffer from crippling defects and deformities. Would they receive the benefits of this section?

Mr. MACKENZIE (Vancouver Centre): As far as they could be benefited by physical exercise. There are two distinguishing features, the first of which is medical care, and the second, physical exercise. These were pointed out to the committee on social security. It was stated that there were two remedial measures, and those were the two I have indicated. The feature to be applied would have to be decided.

Mr. CHURCH: I notice that in section 4 we find the word "assist". It states:

> It shall be the duty of the council, and it shall have power to promote the physical fitness of the people of Canada and in the performance of such duty and the exercise of such power may
>
> (a) assist in the extension of physical education in primary and secondary schools. . . .

All that is already done by the schools and clubs. A direct vote would help them more. In addition, any modern parks department has playgrounds, trainers, coaches and all that sort of thing. So have the various aquatic clubs of Canada. I suggest that the council should lay down standard rules by which these various local, provincial and municipal bodies, both public and private, might get grants from this fund to promote physical education of men, women and children on a national standard plan.

In addition to that, this procedure should be correlated and coordinated in industry, with various groups throughout the country which do work along this physical education line. We do not want any more duplication than is necessary, because, after all is said and done, the functions conferred by section 4 are largely provincial, municipal and educational. As I see it, instead of a large organization in Ottawa here with a staff, standard rules should be laid down by which direct aid should be given the provinces, and I hope before we finish this part of the session we shall go into a scheme of physical fitness for the training of the taxpayer, with our heavy federal taxes, for his visit very shortly to the poorhouse and the house of industry.

Mr. GRAYDON: With respect to section 4 (a), which refers to assistance in the extension of physical education, may I ask if this would apply to the ordinary primary and secondary schools, and, if so, whether the school rate would be increased by virtue of any assistance of this kind?

Mr. MACKENZIE (Vancouver Centre): I do not think so. It is purely provincial. The councils or organizations set up by the province may extend certain facilities in existence, or provide new facilities as the needs demand, in order to promote their general physical fitness programme.

Mr. GRAYDON: So that whatever additional cost there might be in connection with a school section would be borne by the province, rather than by the ratepayers in the school section.

Mr. MACKENZIE (Vancouver Centre): It would depend upon the extent of improvements, or the extensions necessary for the purposes of this bill. That would be borne by the province and the dominion.

Mr. GRAYDON: There might conceivably be physical educational facilities which would raise the school rates.

Mr. MACKENZIE (Vancouver Centre): That is possible.

Mr. GRAYDON: That being so, I would suggest to the minister that the sooner Ontario adopts the suggestion of the Progressive Conservative party to halve the school costs, the sooner will help be given not only to the federal government but also to that province generally.

Mr. MACKENZIE (Vancouver Centre): I would remind the hon. member that this is a non-political bill. Therefore I shall not reply to his suggestion.

Mr. SLAGHT: Having regard to the provisions of section 11, stating that the council shall on or about April 30 in each year, furnish the minister with a report on any activities in council during the last preceding fiscal year, is it not desirable that we should add to that section, or insert an additional section under which the minister would, possibly within fifteen days of the opening of any session of parliament, bring down a report made to him, and perhaps also a

report of his own? We find that section frequently in legislation, where administrative matters run over extended periods.

Mr. MACKENZIE (Vancouver Centre): I had foreseen the difficulty mentioned by the hon. member, and with that in mind I have drafted a new section 13, which will be moved at the proper time.

Mr. MacINNIS: I believe the minister did not answer my question respecting the allocation of the $225,000. Has that been worked out? And before he answers, might I visualize briefly the work of this committee. I believe there is a tremendous amount of work to be done, and I do not think that directly it will cost the municipal ratepayers in any school district any additional taxation. The moneys allocated by the dominion and the provinces will have to be raised in some way. But even at that, taxpayers generally, through improved health and the better physique of the rising generation, will be getting something for their money. This work has been done on a small scale in Vancouver for a number of years. Anyone who is at all familiar with the work done there will know that it began as an ameliorative programme during the depression, and carried on with very few facilities and very little money, but under capable instructors. The results were really good. I am satisfied that the taxpayers will possibly be getting a more adequate return for their money than they get in respect of many government expenditures.

Mr. MACKENZIE (Vancouver Centre): In a rough way—and these are not official—the division would be something like this:

Nova Scotia	$11,000
New Brunswick	9,000
Quebec	65,000
Ontario	74,000
Manitoba	14,000
Saskatchewan	18,000
Alberta	16,000
British Columbia	16,000
Prince Edward Island	2,000

Mr. MacINNIS: That is, more or less, a division according to population.

Mrs. CASSELMAN: Could the normal schools not be included in the provisions of this bill? The normal school is where the teacher is trained who will actually be doing this work.

Mr. MACKENZIE (Vancouver Centre): I am informed that that would be possible without having it specifically mentioned in the bill.

Section agreed to.

Section 5 agreed to.

[Mr. Slaght.]

On section 6—Powers respecting contracts generally.

Mr. ADAMSON: One of the things that has impressed me unfavourably about our educational system is that no provision is made in most of our public schools for physical education. Some education along these lines is given in the larger schools; but there are many public schools, and especially schools in our rural areas, without this type of education. Would it be possible under this clause to provide such things as gymnasiums and playing fields? There is a definite lack of space to provide play facilities for the average boy and girl. Even in the rich city of Toronto many children go along without any organized games.

Mr. MACKENZIE (Vancouver Centre): I agree entirely with my hon. friend. It is proposed to have most of those things covered by this legislation.

Section agreed to.

Section 7 agreed to.

On section 8—"The national fitness fund."

Mr. ADAMSON: Canada possesses some of the finest national parks in the world—I refer particularly to Banff, Jasper and other parks—but it is practically impossible for the average citizen of small means to visit any of these parks. Is it contemplated that this national fitness fund will make these parks and the great outdoors of Canada more accessible to the average man and woman who cannot afford to pay the prices charged at the Banff Springs hotel or the Jasper park hotel?

Mr. MACKENZIE (Vancouver Centre): There would be no objection to the province taking children to the different parks, as is done in Europe.

Section agreed to.

Section 9 agreed to.

On section 10—Power of minister to refer matters to council for investigation and report.

Mr. GRAYDON: Has the minister any maximum or minimum amount in mind in connection with the salary to be paid to the national director?

Mr. MACKENZIE (Vancouver Centre): We have not given any consideration to that matter, but I shall be glad to have suggestions from my hon. friend.

Mr. GRAYDON: I suppose it will depend upon the man who is obtained?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MacINNIS: That salary would not come out of the $225,000?

Mr. MACKENZIE (Vancouver Centre): An amount of $25,000 is provided for administration.

Mr. MacNICOL: He will be paid by the federal government.

Mr. MACKENZIE (Vancouver Centre): Yes.

Section agreed to.

Sections 11 and 12 agreed to.

Mr. MACKENZIE (Vancouver Centre): I have a new section to suggest as No. 13.

Mr. MULOCK: I move:

That the following be inserted as section 13 of the bill, and that the subsequent sections be renumbered:

"13. The minister shall, as soon as possible, but not later than three months after the termination of each year ending the thirty-first day of March, submit an annual report to parliament covering the business and affairs of the minister under this act for the twelve months ending on the said thirty-first day of March; and such report shall contain a report of all amounts paid into or credited to the fund and all disbursements therefrom and include the regulations made pursuant to this act."

Motion agreed to.

On section 14—Regulations.

Mr. HAZEN: What kind of regulations will be passed under this bill?

Mr. MACKENZIE (Vancouver Centre): I am sorry to say I have none definitely in mind, but questions will be discussed with the director and there will probably be some developments after consultation with the various provincial councils.

Mr. HAZEN: If we are to have regulations having the force of law that impose penalties, I do not think they should be passed—

Mr. MACKENZIE (Vancouver Centre): They would be purely administrative regulations.

Mr. HAZEN: They should be passed by the members of this house.

Mr. MACKENZIE (Vancouver Centre): They would only be regulations setting certain standards and plans; there would be no regulations imposing penalties, just administrative.

Mr. GRAYDON: There is nothing in the bill with respect to the payment of the men and women who may be engaged in connection with the administration of the measure. I assume that in the absence of anything to the contrary they will be appointed by the civil service commission.

Mr. MACKENZIE (Vancouver Centre): The director is to be appointed by the governor in council, and any other staff would be appointed by the civil service commission.

Mr. STIRLING: They are to be appointed or employed in the manner authorized by law, according to subsection 10 of section 3.

Mr. MACKENZIE (Vancouver Centre): That is the civil service.

Mr. GILLIS: As I understand this bill, it merely sets up a national framework into which can be fitted the many organizations working in this field across Canada.

Mr. MACKENZIE (Vancouver Centre): That is right.

Mr. GILLIS: We are just appropriating the money to set up an administrative machine and these regulations will fit existing organizations into the picture.

Mr. MACKENZIE (Vancouver Centre): That is largely the intention.

Section agreed to.

Section 15 agreed to.

Bill reported, read the third time and passed.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Friday July 16, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF JUSTICE

Justice—

Expenses in connection with the administration of the defence of Canada regulations, $35,000.

Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Chairman, the hon. member for Lake Centre had asked me for some information concerning Mrs. Mullins, who had been arrested in St. Joseph de Beauce charged with distributing pamphlets which came under regulation 15A of the defence of Canada regulations because they did not bear the printer's name as required by that regulation, I had promised the hon. member that I would have inquiries made, and I have ascertained that Mrs. Mullins and one Mrs. Boucher were distributing pamphlets and that a member of

the Royal Canadian Mounted Police at that place reported the matter to the attorney general of Quebec and was instructed by the attorney general of Quebec to procure a search warrant, and having done so, he seized quite a large quantity of these pamphlets bearing no indication of the printer. He thereupon was instructed by the attorney general of Quebec to lay a complaint under regulation 15A, and this was done. The proceedings are under the control of the attorney general of Quebec, as is usual in the administration of justice. These defence of Canada regulations having the force of law are like the provisions of the criminal code in that complaints can be made by any individual. Here the complaint was made on the declaration of the representative of the attorney general of Quebec that this would be handled as an ordinary matter of violation of law. I have not had any subsequent information as to what has been the result of these proceedings. I assume that they are still before the court.

Mr. GRAYDON: May I ask whether both parties mentioned by the minister are still in custody?

Mr. ST. LAURENT: I do not know. The information I had was that both had been taken into custody, and when the report was made to me they had not yet been released on bail. I do not know what has taken place since this report.

Mr. STIRLING: How long ago were they taken into custody?

Mr. ST. LAURENT: The investigation commenced on the 2nd of July and the report was sent in on the 9th of July, reporting that a search warrant had been obtained and executed and a charge laid against these two ladies and that they had been apprehended on that charge. The first report was probably made immediately afterwards, but I should not like to be positive as to that. That is the usual procedure. The report bears the date of July 9, 1943.

Mr. DIEFENBAKER: I cannot allow this item to be passed without some further explanation. This is a serious matter, that a woman under the circumstances disclosed here should have been taken into custody and not given bail on the charges laid against her, of distributing literature not bearing the name and address of the printer according to the provisions of regulation 15A of the defence of Canada regulations, and, second, for being a member of an illegal organization, namely, Jehovah's Witnesses. When people are arrested at a time when we are at war for the preservation of democratic principles, on the charge of distributing literature that consists of Bible quotations, I feel that something should be done about the matter. If this literature were subversive, I could understand the action taken. But there is no denial of the fact that all that this literature discloses is quotations from the Holy Bible, and the offence charged against these women, for which they may be still in custody and unable to get bail, is that they distributed excerpts from the Bible without having the printer's name endorsed on the pamphlet.

Mr. SLAGHT: Is that not a matter for the local magistrate? I am only asking. The hon. member may know that it is not. But I think the time of the house should not be occupied with matters of bail if they are within the discretion of the local magistrate.

Mr. DIEFENBAKER: It is fundamental that the granting of bail rests with the local magistrate. But the administration of the defence of Canada regulations, when the Royal Canadian Mounted Police are used, rests on parliament and the members of this house.

Mr. ST. LAURENT: May I suggest to the hon. member that that is not quite correct. The members of the Royal Canadian Mounted Police are police constables. The administration of justice throughout Canada is the responsibility of the provincial authorities in the various districts in the provinces, and the sworn police constables have duties which are prescribed by statute. Any individual can lay a charge and the hon. member perhaps knows —I am told from the experience of the department that this is so—that when these persons who call themselves Jehovah's Witnesses are prosecuted, they choose to make martyrs of themselves and go to gaol; they will not ask to be released. They prefer to make their cause notorious by the manner in which they submit to the measures adopted against them. They will not apply for the relief that might be accorded them on appeal.

Mr. DIEFENBAKER: On the particular facts of this case, does the minister not think a summons would have been the proper course to adopt instead of arresting this person and allowing her to remain in gaol on a charge like this?

Mr. ST. LAURENT: That was a matter for the decision of those who were instituting the proceedings. It might be convenient and suit the ideas of a great many people, and it would suit the ideas of a great many who have written to me in connection with this very case, protesting most vigorously, if the ad-

ministration of justice were something that was controlled from the Department of Justice and no one else had anything to do with it. But that does not happen to be the British North America Act; and while the British North America Act remains as it is, the Department of Justice cannot have responsibility for the decision of a provincial attorney general or his representative that he will proceed by way of warrant instead of by way of summons.

Mr. SLAGHT: You would soon get complaints if you tried it.

Mr. CHURCH: I want to point out one difficulty in the method of dealing with this item. When the war broke out it was found necessary under the regulations of the War Measures Act to have a committee consider the defence of Canada regulations. Those regulations, after an elaborate study by the present minister's predecessor and his able officials, were considered by a committee of the house. The committee met in the dying days of the first session of the war and agreed upon a long schedule of rules and regulations. Every session the committee has been reconstituted. Last year it met, heard some witnesses and made certain recommendations which have never seen the light of day. Those recommendations of the committee were very important, affecting the liberty of the subject in relation not only to the war but to other matters. For some reason or another they were brought in on the day the house closed, on Friday if I remember rightly, and they have never seen the light of day.

I know a good many Jehovah's Witnesses, not personally, but through letters they have written to me, and I consider that they are perfectly harmless. They believe in religion. I say that when an important committee makes a recommendation the House of Commons has a right to consider it. I hope the Minister of Justice will look into this situation from this point of view. As regards the other regulations, there is a great difference of opinion on the part of the public as to whether they are enforced from a judicial point of view along the lines suggested by the hon. member for Lake Centre the other day. In some cases these tribunals meet. They meet all over the country, star-chamber tribunals; they report to the minister and announcements are made. I trust that in the recess the minister will review some of these cases and see if some decision cannot be arrived at, so that the public will be informed as to what is going on.

Mr. MacINNIS: I did not know that this question was coming up or I would have provided myself with the material I intended to use. I wish to say with all the earnestness I possess that the prosecution and persecution of Jehovah's Witnesses under the defence of Canada regulations is a standing disgrace to this country, to the Department of Justice and to the Canadian people. I have on my files a letter reporting an incident that happened in Montreal at a religious meeting where these people gathered for the purpose of performing the rite of holy communion. The place was raided by ten members of the mounted police. The police were asked to wait until after the service, but they would not. They demanded to see the registration cards of those present. There were three women who did not have their registration cards.

Mr. MacNICOL: Where did this occur?

Mr. MacINNIS: In the city of Montreal. As I say, three women did not have their registration cards and they were taken to the police station. Suppose the police were to go into any gathering or any church in the evening and ask the congregation to show their registration cards; how many would be found in any congregation of, say, one hundred who would have their cards? Suppose such a thing had happened when the Roman Catholic church was holding a celebration on the streets of Ottawa not so long ago. How we would make the welkin ring with protests! Any right that is granted to any one religious organization in the country must be granted to all; otherwise we have no religious freedom in Canada. I do not know; I cannot understand, why there should be this continual persecution of Jehovah's Witnesses, because that is what I call it. They may be a nuisance in certain respects, and if they are a nuisance I imagine there is a law to deal with a public nuisance; but it is certainly not the thing to do to declare these people an illegal organization and to use methods such as are being used against them at the present time. I mentioned the other day that the brief presented to the special committee on the defence of Canada regulations last year by the Department of Justice was the weakest thing I had ever seen. seen.

Mr. MacNICOL: Pertaining to this organization?

Mr. MacINNIS: Yes. There was not enough material in it on which you could shut up a dog, let alone a human being. I would ask the Minister of Justice to present to the house the reasons why this organization is still declared illegal and why it is persecuted by

the mounted police. I said at one time that the attitude of the police of any country was a fair indication of the government of that country. For instance, the metropolitan police of London is quite a different body of men from the gestapo of Germany, and the reason is that the government over the metropolitan police is different from the government in nazi Germany. So that we shall get from the police exactly what the government intends that we should get from them.

Mr. DUPUIS: Can the hon. gentleman say after the dinner recess how many Jehovah's Witnesses there are in the country and how many young men of military age have been exempted on account of their conscientious objection?

Mr. MacINNIS: I have no intention of saying anything of the kind. It has nothing to do with the discussion. It is not germane to it.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MacNICOL: I should like to ask the minister a question with reference to what was said this afternoon. I do not know anything about the sect called Jehovah's Witnesses, but I was greatly interested in and amazed at what the hon. member for Lake Centre told the committee, and I would ask the minister if it is the fact that anyone distributing religious pamphlets anywhere in any province can be arrested if the name of the printer is not on the pamphlet. I know nothing about the law as to whether the name of the printer should be on a pamphlet, except that it must be on political pamphlets distributed during an election. I was very much amazed also at what the hon. member for Vancouver East said, when he told about some meeting of these people, at which a religious service was going on, being interrupted by members of the mounted police, who apparently went rather rudely through the meeting taking names and asking those present if they had registration cards with them. I did not know that things like that went on in Canada. I know some folks in my part of Toronto who belong to this sect, and, while I know nothing of the sect itself, I have always recognized them as decent, law-abiding people. I have not heard of any of them committing any offence, and I would be much surprised if they did. So that I feel that in this day, with the sun shining above, and a clear blue sky and stars at night, we have got to a fine pass if people cannot worship as they see fit.

I remember that the last time I was in Scotland I went to the Greyfriars church in Edinburgh to see the spot where my ancestors cut their veins, with others who attended there, and either put a quill or a pen into their veins and signed the Solemn League and Covenant. They, too, were being persecuted in Scotland in those days—I have forgotten by whom, and it does not matter—but they would not stand for it. Nor would I stand for any persecution. I have no fault to find with anyone's religious belief or how he worships. That is none of my business. People can stand on their heads or stand in a corner if they wish; I do not care what they do. I had hoped the time had arrived when people could worship as they liked without any interference. I did not know that anywhere in Canada such things were going on as were reported here this afternoon.

I ask the minister if it is true, as the hon. member for Lake Centre says, that people can be arrested for distributing any kind of religious tract because it does not bear the name of the printer. I should also like to know whether, as the hon. member for Vancouver East has said, a religious service in Montreal was interfered with, and rather rudely so, by the mounted police.

Mr. ST. LAURENT: I think the hon. member was not here when these matters were being considered on a previous occasion. I gave then some of the information which had been given to me with reference to this sect of Jehovah's Witnesses; it is recorded in *Hansard* and I do not think I need repeat it.

With respect to the questions the hon. member has put. First of all, as to the application of defence of Canada regulation 15A, it provides that:

> Every printed newspaper, pamphlet, circular, handbill, dodger, or other like document having reference to or containing any comment on a political, social or religious question, shall bear upon it printed in a conspicuous place and in legible characters the name of an existing natural person. . . .

Now, as to whether that would apply to the kind of material that was being distributed in St. George de Beauce, of course I am not in a position to express any opinion. I believe the hon. member for Lake Centre said that he had a copy of some of the material which was distributed. I am quite sure that this regulation, in the manner in which it is drawn, would not apply to a sheet which would

contain nothing more than extracts from the bible; that would not be something which would be within the definition of this article. I thank the hon. member for Lake Centre for having sent over this document. I will not take time to examine it now, and even if I did I would not venture to express here an opinion upon a matter which is at present before the courts. But the regulation as it is exposes anyone who violates it to be proceeded against.

With respect to the second question, there was some report in the newspapers at the time and the matter was carefully investigated. It was found that a meeting was being held, but what kind of meeting was not known to the Royal Canadian Mounted Police. They went there and requested the persons in attendance to exhibit their registration cards. That is something which is provided for by the national registration regulations.

Mr. GRAYDON: May I ask at how many meetings in that city a similar request was made by the Royal Canadian Mounted Police?

Mr. ST. LAURENT: I do not know.

Mr. GRAYDON: Does the minister know of any other case?

Mr. ST. LAURENT: Where requests were made to people attending a gathering?

Mr. GRAYDON: Yes.

Mr. ST. LAURENT: Oh, yes. I cannot speak of Montreal, but I know that in my own city of Quebec there have been such cases. At a meeting some time ago the police attended and asked to check the registration cards. At that time, some months ago, the contention was being made that quite a number of people had not registered. That arose out of the fact that call-ups were being made; apparently quite a number of people in the age groups subject to the proclamation were going about their ordinary occupations without having received any call-up, and an effort was made to see whether the registration regulations had been carried out.

With respect to this meeting, I was informed that at the time the police did not know what kind of meeting it was. As regards the defence of Canada regulations which were passed at the outbreak of war, and particularly in respect of this banning of a certain number of organizations which was made in 1940, there was an amendment passed in February, 1943, in which it was declared that it would not be an offence to attend any meeting the purpose of which was religious worship or instruction. Perhaps I had better give the exact language which was inserted in the regulations:

> No person shall be guilty of an offence against this regulation by reason only of his attending a meeting the sole purpose of which is religious worship or instruction.

As the regulation was previously drawn, it could very well be argued that, with respect to Technocrats, the Watch Tower Bible and Tract Society, Incorporated, the Watch Tower Bible and Tract Society, the International Bible Students' Society, and Jehovah's Witnesses, the very fact of attending one of their gatherings where they worship in the form which they think is the proper form would be an offence. So that I recommended and had an amendment made that it would not be an offence for members of these banned organizations to attend the meetings for purposes of religious worship or instruction.

The information I got was that this request for registration cards was made by the police in an orderly fashion and that nothing was done there which would not have been done at any other meeting where an attempt was made to see if those attending it were provided with their national registration certificates.

Mr. MacNICOL: Were those at that meeting who did not happen to have their registration cards with them arrested and taken away?

Mr. ST. LAURENT: I do not know what was done, in fact, but they would be liable to be dealt with in that way, just as any member of this house would.

Mr. MacNICOL: I carry mine with me.

Mr. ST. LAURENT: I have mine, too. That is the provision; whether or not it be a wise provision—

Mr. GRAYDON: This is quite a testimonial meeting in itself.

Mr. ST. LAURENT: —it is provided by the regulations that one can be stopped by a peace officer at any time, anywhere, and asked to show his registration card.

Mr. MacNICOL: I believe in regulations being adhered to.

Mr. ST. LAURENT: That is the regulation. At the time it was made it was necessary. Whether or not it is still necessary may be a matter upon which opinions may vary, but it is still the regulation. With respect to the activities of these Jehovah's Witnesses, the other day I stated that tens of millions of their tracts and pamphlets have been put out from their Watch Tower head office in New

York. Their teaching is that all these organized religions are agencies of the devil. They do not call their sect a religion, but they believe the organized religions are agencies to maintain the devil's embrace on the human race. They understand from the bible that it is wrong to go to war, and they are conscientious objectors.

Mr. MacNICOL: They do not vote, either, do they?

Mr. ST. LAURENT: I do not know whether they vote, but they will not salute the flag; that, according to them, is an act of idolatry. At the present time—and the same situation is still continuing—they are detrimental to the war morale of this nation. Only this morning the commissioner received a report of a complaint made by Mr. Justice Embury in Regina about the activities of the Jehovah's Witnesses there, who are persuading the young men to go before the boards and claim exemption on the ground that they should not fight because it is wrong and contrary to the teachings of the bible. A declaration at this time which would be construed by them and by the public as a recognition of their legality by this parliament would, in my opinion, be detrimental to the morale of this country.

The administration of the regulations, as I said this afternoon, like the administration of the criminal law can be set in motion by the attorneys-general of the several provinces of Canada, and the Department of Justice cannot hold itself responsible for the form of procedure adopted in the respective provinces. What this parliament could do; what the government of Canada could do, would be to repeal these provisions, and then the provincial authorities could not proceed upon them. But while the provisions are there, we cannot be held responsible for the manner in which the provincial authorities proceed upon them.

After the committee rose for the dinner recess I had the commissioner of the Royal Canadian Mounted Police communicate with the authorities who had directed the institution of these proceedings against Mrs. Mullins. The information now given me is that she was arrested on the 8th of July; was offered bail on the 9th and refused; was released on her personal recognizance without bail on the 19th, because there was a further adjournment to the 26th for the hearing of her case. The further information was given the commissioner that, as he understood it, the attorney-general was going to file a *nolle prosequi* on the 26th. That I do not know, but it might very well result from the fact, if it is a fact, that this pamphlet contains nothing but extracts from the Crampon version of the Bible, which is one of the reputed French versions authorized by the Roman Catholic church. It is the one upon which I took my oath of office before his excellency and upon which I took my oath of office before the Clerk of this house, which volumes were fittingly inscribed and which I intend to hand down as precious documents to the members of my family. It may very well be that when the attorney-general saw that there was nothing but extracts from the Crampon version of the Bible he came to the conclusion that his representations had been too hasty. That I cannot affirm; I have not verified that with the authorities themselves, but this is the information the commissioner obtained over the long-distance telephone during the dinner recess.

I understand there was also a charge laid against Mrs. Mullins of being a member of the sect of Jehovah's Witnesses. That is no longer an offence; the sect is banned. At the same time that this other amendment was made I caused this regulation to be amended, because I pointed out that these organizations having been declared illegal, they could not do anything that would have any legal effect; and if before the banning one was a member thereof, there was no way in which he could have legal effect given to his desire to withdraw and cease to be a member. So that the regulation was amended to provide that instead of its being an offence to belong to one of these banned organizations, it would be an offence to act as an officer or member thereof.

Mr. NEILL: What is the number of that order in council?

Mr. ST. LAURENT: P.C. 1266, of February 15, 1943.

Mr. STIRLING: Would the minister be good enough to read it?

Mr. ST. LAURENT: Previously the regulation read:

> Every person who is an officer or member of an illegal organization, or professes to be such, or who advocates or defends the acts, principles or policies of such illegal organization shall be guilty of an offence against this regulation.

The amendment changed that to read:

> Every person who acts as an officer or member of an illegal organization or who advocates or defends the acts, principles or policies of such illegal organization shall be guilty of an offence against this regulation.

The hon. member for Comox-Alberni will note that we were amending in line with his argument of the other day that intentions should not make one a criminal, that there ought to be acts manifesting participation.

Mr. NEILL: Would the minister also give the order in council in regard to having the name printed on documents?

Mr. ST. LAURENT: I am sorry I cannot give at this moment the original order in council, because it was included in the consolidation of 1942 and is now in existence by virtue of P.C. 8862 of October 13, 1942, but it had been enacted prior to that. I shall get it for the hon. member.

Mrs. NIELSEN: Mr. Chairman, the last time the minister's estimates were before the committee I pointed out that under the defence of Canada regulations he had the power to defend the people of this country from the machinations of the enemy, but that so far as I could see he had in some instances failed to perform his duty. I refer to section 39A of the defence of Canada regulations which states:

> No person shall print, make, publish, issue, have knowingly in his possession in quantity, circulate or distribute any book, newspaper, periodical, pamphlet, picture, paper, circular, card, letter, writing, print, publication or document of any kind containing any material, report or statement,
>
> (a) intended or likely to cause disaffection to His Majesty or to interfere with the success of His Majesty's forces or of the forces of any allied or associated powers, or to prejudice His Majesty's relations with foreign powers.

And this is the part I wish to emphasize:

> . . . or to prejudice His Majesty's relations with foreign powers.

A while ago, in one of his great speeches the Prime Minister of Great Britain, Winston Churchill, said:

> Whoever by word of mouth or by written statement attempt to destroy the unity of the united nations, it were better for him that a millstone were hung about his neck, and he were cast into the sea.

From time to time we have had in Canada publications, newspapers, which have published material, articles and statements which, I submit to the minister, would contravene paragraph (a) of section 39A of the regulations in that they prejudice his majesty's relations with foreign powers.

I would refer the minister particularly to several of the editorials which have appeared from time to time in the *Evening Telegram* of Toronto. I refer specifically to an item published on July 17, a reprint from the *Reader's Digest,* and headed, "To collaborate successfully we must face the facts about Russia." It is an article by a writer named Max Eastman, and contains the type of material which, in my opinion, will be most difficult for Mr. Wilgress to explain in Moscow. I feel that the relationships between our two nations at present will not stand discriminatory articles of this type, and if the minister were doing his duty he would, under the defence of Canada regulations, prosecute those who fill the minds of the people with trash such as this article undoubtedly is. It contains under one caption a statement which is known to be a direct forgery made by a fascist, and put into the mouth of Mr. Stalin.

I have mentioned the fact that this article is a reprint taken from the *Readers' Digest,* and printed in the *Evening Telegram.* There are, no doubt, many people who have a very good opinion of the *Reader's Digest.* But perhaps it would be just as well to state one or two facts concerning this publication, facts which might not be known to everybody. In the United States right after Pearl Harbor one of the first magazines which was stopped by the United States government from further publication was Scribners' *Commentator.* This was a magazine which was not allowed to be published any more, on the ground that it was one of the leading fascist publications. It favoured Franco, Hitler and Japan. Its editor was George Egglestone. George Egglestone to-day is a writer for the *Reader's Digest.* He had an associate editor whose name was Ralph Townsend, who is now in the penitentiary, because he was found to be a Japanese propaganda agent.

Another man named Paul Palmer, who was once editor of the *American Mercury* magazine, also known before Pearl Harbor to be another pro-fascist magazine, is now senior editor of the *Reader's Digest.* Yet we have material prepared by editors who are known to be pro-fascist, and that material is republished in Canadian papers. Under the defence of Canada regulations we have the right to prosecute those who deliberately do anything to prejudice his majesty's relations with foreign powers. Nearly all the win-the-war press in the United States have commented on this article by Max Eastman. Even the New York *Herald Tribune,* a very conservative Republican paper, has taken the *Reader's Digest* to task for printing this most obnoxious article

On July 1, *PM* magazine, commenting on the Eastman article, said this:

> Eastman tricks the reader and says that the facts are exactly opposite to what is really the case.

I really cannot understand why the minister has not been made aware of these things, and has not done anything up to this time. As I said before in the house, I was present at that huge rally on June 22 at Maple Leaf Gardens, Toronto. The Prime Minister was there, along with Mr. Fedor Gusev, and many

other notable people. The chief speaker of the evening was Mr. Davies, who was recently sent on a second mission to Moscow by President Roosevelt. Just before that great Maple Leaf Gardens meeting Mr. Davies was sent two or three of the anti-soviet editorials which from time to time had been published in the Toronto *Telegram*. Speaking that evening, he said:

> It is important that we should remember this when we hear German propaganda, which is working artfully in your country and in mine, and all over the world, whispering lies, in their effort to split Russia away from the English-speaking world, and the united nations, and to divorce and destroy the confidence of the English-speaking world in the integrity and good faith of our great Russian ally. And it doesn't excuse anyone, if they circulate these lies and then say they were misinformed. It does the world no good. It's not intelligent. It is not Christian or wise. They should know better and they should not be serving our enemies by circulating these lies.

And he continues:

> Mutual trust, confidence and respect, as between the Soviet Union, Canada and the United States, is of particularly vital consequence to us. That is the simple fact and something we should remember and something some of our responsible citizens should think over.

I would recommend that the Minister of Justice should think over those words, and also that he take cognizance of the article reprinted from the *Reader's Digest,* which I shall send across the floor of the house to him, for his perusal. I suggest that he should give some statement to the committee regarding whether or not he intends to prosecute.

Mr. DOUGLAS (Weyburn): It seems to me that the Minister of Justice has not made a very good case in reply to the questions which have been asked respecting the particular incident mentioned by the hon. member for Vancouver East. I had thought the minister would have had something more tangible to offer with respect to this unfortunate happening. The minister says, first of all, that the meeting was held in Montreal, and that the authorities knew nothing about the fact that it was going to be held.

In the first place, I should hardly imagine it is incumbent upon people holding a meeting, particularly one of this kind, to inform the authorities of their intention to hold it.

Mr. ST. LAURENT: I think the hon. member must have misunderstood me. I said the information I got was that the police did not know for what purpose this meeting was being held. I did not complain that there had been no notice given to them that a meeting was going to be held.

[Mrs. Nielsen.]

Mr. DOUGLAS (Weyburn): The fact that the police did not know the purpose for which it was going to be held does not begin to excuse the interruption of the meeting.

Mr. ST. LAURENT: Mr. Chairman, I do not attempt to excuse, nor do I think the police need to be excused for going to any meeting, anywhere, for the purpose of making a check-up on registration cards.

Mr. DOUGLAS (Weyburn): I will ask the minister this question: If the mounted police want to check up on whether persons have their registration cards — and I agree they should do so from time to time — does the minister think a religious service, at which people are joining in the Sacrament of the Lord's Supper, is a suitable place and time to find out whether they have their registration cards?

Mr. ST. LAURENT: No, I do not think so; but this meeting was not being held in any building that was recognized as a place of assembly for religious meetings. I would think it would be quite improper for the police to go to any of our churches here in Ottawa that are recognized as churches, that are known to be churches, and attempt to check up during a religious service the possession or otherwise of certificates of registration. But this meeting was not taking place in a hall or church or any building that could be recognized from any exterior sign as being a place of religious worship.

Mr. DOUGLAS (Weyburn): But the fact does remain that various sects and churches have held religious services in places other than religious buildings. As a matter of fact, there are some sects which hold the sacrament in private homes.

Mr. MACKENZIE (Vancouver Centre): We used to hold them on the hillsides.

Mr. DOUGLAS (Weyburn): Those of us who are descendants of the covenanters will remember that. If my information is correct, when the mounted police entered the building they were informed that the sacrament was in progress. If they desired to find out who had their registration cards, which was quite a proper procedure, there seems to me to be no reason why they could not have waited until the service was over and checked each person as he came out. That should not have been a difficult thing to do. Instead of that, the service was interrupted. Despite the fact that they were asked to wait until the sacrament had been completed, they refused to do so and

insisted upon proceeding with their investigation. I think some two or three women who did not have their cards with them were taken to the police station. That seems to me to be a totally unnecessary thing in a country like ours.

The second thing in the minister's argument which impressed me is the fact that he has not yet, in spite of repeated requests, placed before the house, nor did anyone place before the committee last year which investigated the defence of Canada regulations, any sound reasons why this organization should be banned or declared illegal. The minister said that these people believe that all organized religion is the instrument of the devil. If they believe that—I do not—that does not make them subversive; if they choose to hold that particular theological view, it seems to me that that is their privilege.

Mr. SLAGHT: That was not why they were banned.

Mr. DOUGLAS (Weyburn): I am dealing with what the minister said. Then the minister said that they were conscientious objectors. That is not a crime under the law. There are in this country many sects the members of which are conscientious objectors.

Mr. CRUICKSHANK: Even the Co-operative Commonwealth Federation.

Mr. DOUGLAS (Weyburn): The Co-operative Commonwealth Federation are not conscientious objectors as the hon. member well knows.

Mr. SLAGHT: They oppose the sending of single men overseas to defend Britain.

Mr. DOUGLAS (Weyburn): The hon. member for Parry Sound may have his word when I have finished, if he wants to say anything about something that has nothing to do with the matter under discussion.

Mr. SLAGHT: We shall see if it has anything to do with it.

Mr. DOUGLAS (Weyburn): I suggest that the hon. member save his oratory because he is going to need it in the very near future.

Mr. SLAGHT: I am not a mind reader.

Mr. DOUGLAS (Weyburn): Another reason given was that some of the military service boards have contended that members of this organization have been enticing young men not to join the army, not to render their proper service to the country. If that is true, those people should be dealt with. There is sufficient power under the defence of Canada regulations to deal with any person, irrespective of what organization he may belong to, for causing dissension in His Majesty's forces or for trying to dissuade anyone from joining His Majesty's forces. It is one thing to deal with an individual who is carrying on subversive acts and another thing to ban an entire organization without giving any reason for the ban.

We have asked the minister repeatedly to give the grounds upon which this organization was banned. We have had nothing except statements along the lines of the one given to-night by the minister. I wish to remind the committee that the whole question of the defence of Canada regulations has become an affront to this parliament. Last year a committee was set up to discuss the matter of the defence of Canada regulations. While there was some dissenting opinion with reference to taking the ban off the Communist party, the majority voted in favour of it; but the suggestion that the ban be taken off the Jehovah's Witnesses and the Hutterites was unanimous, or almost unanimous on the part of that committee. That committee represented every political party in this house, with the majority of the membership coming from the government benches. Its report was tabled in this parliament in the dying days of last session, but the minister has chosen to ignore it completely.

Mr. ST. LAURENT: And will continue to ignore it unless some one takes the responsibility of getting from this house an affirmative vote approving its conclusions.

Mr. DOUGLAS (Weyburn): I am sure there would be plenty of votes in favour of concurrence in that report if the minister would present an opportunity immediately. But even if the house did move concurrence in the report, the minister knows that that would be only a recommendation of the committee.

Mr. ST. LAURENT: If there were a recommendation approved by a majority of this house, I do not think there is any minister of any government who would not feel himself obliged by that expression of opinion to make a recommendation in conformity therewith to his excellency.

Mr. DOUGLAS (Weyburn): May I ask the minister if before the close of this part of the session he will give us an opportunity to vote upon a motion for concurrence? If he will, I shall be glad to make the motion.

Mr. ST. LAURENT: The minister has no jurisdiction over the order of business of this house. The hon. member has been here much longer than the Minister of Justice, and he

probably knows how he should proceed if he wishes to test the opinion of this house, if he really wishes to test the opinion of this house.

Mr. DOUGLAS (Weyburn): The minister knows very well that the government has complete control over the procedure of this house. If the government want to give this house an opportunity to discuss a motion of concurrence, they can certainly arrange to do so. If they will provide an opportunity, I can assure the minister we will provide a motion. It is a sad reflection at a time when the united nations have been using as their battle-cry the four freedoms of the Atlantic charter, that two of those freedoms, freedom of speech and freedom of worship, should be in jeopardy in this country. Here is a religious sect which has been allowed to carry on its activities in the United States, to carry on its activities in Great Britain, to carry on its activities in the sister dominion of Australia; here is a sect in connection with which a parliamentary committee of this house has recommended that a ban should be lifted from it; yet these people are still having their homes raided, and on April 19 a service which they were conducting was broken up because they could not produce their registration cards. I am sure the minister would not stand for a minute and I would not stand for a minute having the police or anyone else come into the church to which I belong and ask for registration cards while a religious service was in progress. The minister has the responsibility to see to it that any Canadian citizen can attend divine service and worship his God in whatever way he chooses without interference by the authorities on one pretext or another.

Mrs. NIELSEN: With regard to the question whether this house would support by a vote the report of the committee on the defence of Canada regulations, I fail to see how the members of the house could make a decision and vote, for the information which was at the disposal of members of the committee is not at the disposal of members of the house. A great number, I think I am correct in saying, would vote according to the prejudices which for many years they have held. Before any intelligent vote could be taken in this house on the committee's recommendations, I submit that the evidence which was taken in the committee should be available to the members of the house. I sat and listened to the submissions made before the committee and in my opinion there was not a single word taken down in evidence which could not be published before the members of this house and the people of this country. It should be published, and then perhaps we would have a better understanding and be able to vote with a little more knowledge than we have at the present time.

Mr. HANSELL: In speaking to this item I wish to refer to some of the remarks that were made by the Minister of Justice the other day. He said he did not think this house would have voted for the recommendations of the committee. All I want to say on that point is that while the committee made recommendations on the defence of Canada regulations, concurrence in its report was never moved in this house, so that the minister cannot say that he would not have had the confidence of this house had he accepted the committee's recommendations. The feelings of the house were never tested on the committee's recommendations.

The special committee on the defence of Canada regulations formed pretty well a cross-section of opinion in this house, and those members voted for the recommendations and the lifting of the ban on these organizations.

Mr. SLAGHT: Will the hon. member permit me to ask what he means by "those members voted for"? He knows better than that.

Mr. HANSELL: I do not know better than that at all. I do not know what my hon. friend means. The committee moved its report and it was brought in here. The recommendations that were made in the report were carried by that committee; that is what I am saying—

Mr. DONNELLY: Why did you not move the adoption of the report in the house?

Mr. HANSELL: —so that I say to the hon. member for Parry Sound that I do not know any better than that at all. I am stating the facts.

I want to read what the Minister of Justice said the other day in reference to the question of lifting the ban on Jehovah's Witnesses. At page 4861 of *Hansard* the minister is reported as saying:

> As to why the ban was originally imposed upon Jehovah's Witnesses, among other organizations, I have only hearsay information about that.

The special committee had expert witnesses from Jehovah's Witnesses. They appeared before the committee and made their submission. They were questioned, and questioned by, shall I say, some champions of the same school of thought as the Minister of Justice himself, and the minister, in deciding whether or not the ban should be lifted, should certainly take into account the evidence which

was submitted to the committee and the fact that the members of the committee had an opportunity to question and did question the witnesses. Further on, on the same page, the minister said:

> I have ascertained, however, that this is a very large international organization and the amount of literature that is put out from the Watch Tower on behalf of this organization is something fabulous.

Because an organization is large and international, does that mean for a moment that it is subversive? There are a good many organizations that are international and whose literature is issued in large quantity and has a large circulation, but surely that is no evidence that the institution is subversive.

The minister also said:

> It is also well known that thousands of phonographs with recorded speeches of their great leader, the so-called Judge Rutherford, are being used to further enlighten the people.

Just because they have gramaphone records is no reason why the organization should be considered subversive. By the way, the minister made a slip of the tongue when he said they were being used "to further enlighten the people". I think the people need a little more enlightenment, but if the minister had said "to further confuse the people", it would have made his argument a little stronger. Further on, he said:

> There are also, or there were, very large numbers of motor trucks fitted out with these phonographs and loud speakers to blare to the population at large the merits of that particular doctrine and the demerits of all religions.

Supposing they did, is that any evidence that the organization is against the war effort or that it is subversive? I have a right to say that my church is the only true church and that all other churches are wrong. I have that right because it is embodied in the freedom of religion?

Mr. LECLERC: What is the name of your church?

Mr. HANSELL: I will give you the name of my church, but first let me proceed with the minister's statement. He said further:

> All religions, according to their theory, are satanic missions to establish and maintain the dominion of his satanic majesty over the whole earth.

Supposing they do believe that, what about it?

Mr. SLAGHT: They do not fight.

Mr. HANSELL: There are other people who do not believe in fighting. There are the Doukhobors, and how many people in this house believed in not fighting only a few short years ago? Just because they may believe that all religions that are opposed to theirs are satanic does not make them a subversive organization. I challenge the Minister of Justice to rise in his place and say that that is not the attitude of his own church.

Mr. ST. LAURENT: I will certainly accept that challenge and deny absolutely the assertion of the hon. member.

Mr. HANSELL: I am pleased that the minister does accept that challenge and that he denies it. I fancy, Mr. Chairman, that his denial will not be the last word that is said upon the subject. I am suggesting—

Mr. ST. LAURENT: It is difficult to get the last word in this house.

Mr. HANSELL: I am saying that if any religious organization assumes that its own church is the right and proper church, the only right organization, it does not follow that that organization is subversive as far as this country's war effort is concerned. That is the position.

Now, to answer my hon. friend over here who asked me what church I belong to, I am not afraid to tell him; I am proud of my church. The church that I belong to, I may tell him, considers itself neither Protestant nor Catholic. Let the hon. member remember that. That may sound strange in his ears. I am not a Protestant, neither am I a Catholic. The church I belong to is the Christian church, the Church of Christ, the church exemplified in the Holy Scriptures. That is all. I can rise and say that I believe my church is the only church, the proper church, the only right church, the only church that holds the right interpretation of the scriptures, but does that mean that I am subversive, or that the church to which I belong is subversive of our war effort? Not at all. The basis of the minister's decision seems to be, according to what he says here, for he did not pursue his argument further—

Mr. ST. LAURENT: Let the hon. member continue and he will find that I added, that I did not suppose it was for those reasons that they had been placed under the ban of the defence of Canada regulations.

Mr. HANSELL: I will read further. I wish to be perfectly fair in this whole matter. Someone suggests I am taking up time. I am not concerned about how much time I take up. I can take a lot longer on it if my hon. friend wants me to.

Mr. LEGER: We are used to hearing you talk anyway.

Mr. HANSELL: The minister says: "This doctrine is certainly subversive of organized society".

Mr. ST. LAURENT: That is quite unfair of the hon. member.

Mr. HANSELL: I will read further.

Mr. ST. LAURENT: If he makes that statement he should say what "this" stands for in the sentence he is citing.

Mr. HANSELL: "This doctrine" is what the minister had just said.

Mr. ST. LAURENT: If the hon. member cannot be fairer than that in reading something which is on *Hansard*, I will refrain from saying anything more about it.

Mr. HANSELL: Can I do anything more than read the minister's words on *Hansard*?

Mr. LEGER: You are twisting the sentence.

Mr. CRUICKSHANK: Read the whole thing.

Mr. LEGER: Stop twisting.

Mr. HANSELL: An hon. member says I am taking too much time and now another hon. member wants me to read the whole thing. I quote:

I do not imagine that was the reason why the regulation was originally enacted but rather because their doctrine is, of course, against war.

That is all right. A religious organization can be against war. I am against war; so is everybody in this house.

Mr. LEDUC: Against this war?

Mr. HANSELL: I continue quoting:

There is no war, according to their theory, that is anything but the machinations of the devil himself—

Well, I will say that.

—and not only that, but their view is that human-made laws have no binding force upon the individual if they happen to contravene what these gentlemen regard as being proper human behaviour.

Mr. SLAGHT: Will you say that?

Mr. HANSELL: I will say that and I will say, besides, that according to the scriptures—and I think these people say the same thing—we are taught to be subject to the powers, the ruling powers, that be. I must be a law-abiding citizen. But I can be a law-abiding citizen and yet put what I believe to be the laws of God above such laws. If I am not law-abiding you have the opportunity of putting me in gaol. Furthermore, as I said the other day, if any individual among Jehovah's Witnesses rises and makes statements that are subversive, he can be dealt with in the same way, and I have nothing against that. He should be dealt with in the same way. But to outlaw the whole organization and to say that they cannot gather together as an organization and worship God freely is something that is absolutely contrary to British democracy. Let me read further:

Mr. Hanson (York-Sunbury): Does it go quite that far?

Mr. St. Laurent: I am informed that it does.

Mr. Hanson (York-Sunbury): I did not think it did.

Mr. Diefenbaker: The United States supreme court did not find that.

Mr. St. Laurent: Not on the evidence submitted.

Then he goes on. Does the minister want me to read more? These are the words of the minister, and I am saying that it appears to me that the decision not to lift the ban on this organization known as Jehovah's Witnesses, an organization of Christian people who want to worship God in their own way, even though they hold some peculiar doctrines, does not seem to be based upon any factual evidence that they are subversive of the war effort. That is my contention, and I urge the minister that he lift the ban on that organization. That is what I am urging to-night. I do not believe the minister's arguments hold water in the least.

Mr. GILLIS: I do not rise at this time to quarrel with the Minister of Justice or to enter into a religious controversy. It has been my experience for a good many years that whenever you want to divide the people, to separate and disunite them on any subject or for any purpose, the quickest way to do so is to introduce this question of religion. It has been used for a good many years for that purpose. I say I do not rise to quarrel with the Minister of Justice, because I do not consider that the present minister is responsible for the regulations which he has had to defend since coming into this house, and my opinion is that the defence of Canada regulations committee, which was appointed by the house and sat during the last session to consider the regulations and their amendments, fell down on the job. I am not accusing any member of the committee or relieving anyone of his share of the responsibility, because if that committee sat in camera, and deliberated upon this matter for months, bringing their deliberations to a finality in a report, then it was the responsibility of the committee to bring that report to the house and to see that the members of the house were given an opportunity to vote on it. That was not

done. I agree with the minister when he says that, as far as the making of the laws is concerned, that is the job of the House of Commons, and to ask him to lift the ban on anything or to change the regulations is to give him a power to which he is not entitled. That is the job of the House of Commons. The regulations were passed by order in council. I do not agree with them, and I am not asking the minister now to take power with which I do not agree. I am laying the responsibility for the ban not being lifted at the doors of the defence of Canada regulations committee.

I believe the time has come for a reexamination of the regulations on this particular question. In 1939, when the regulations were brought out, we had an entirely different situation. The country was going to war. The country was wholly disorganized from the viewpoint of preparation for war. Nobody knew who anybody was; the regulations were laid down as an emergency act, and everyone who might come under suspicion was included in them. That went on until last year, and I think the committee then, with a cooling of the hysteria which existed at the time the regulations were passed, was in a position to survey the whole matter calmly and make specific recommendations to the house. That was not done; the committee shirked its responsibility. I suggest that adoption of the committee's report, which was tabled at the last session, should be moved before this house rises, because when a House of Commons committee comes to a decision based on the views of the majority it should be brought before this house, hon. members given an opportunity of voting on it, and the recommendations implemented.

I am concerned in this matter about one thing, the loss of liberty of any section of our people, because if you follow the growth of nazism; if you examine the history of the rise of Hitler and Mussolini to power, you will find that they did not try to take the people's liberties away all at once; they manoeuvred around; they banned the "tin-hats" and youth clubs in Germany; they limited the powers and gradually destroyed the functions of Rotary clubs and similar organizations, until finally they could set up the full machinery of dictatorship. Having watched the growth of nazism in Europe, I am convinced that unless the people in any country fully understand that they must not allow the liberties of any section of the population to be taken from them, it will be only a matter of time until our turn comes. It is the thin end of the wedge. I do not say that anyone on the defence of Canada regulations committee or in the Department of Justice has any intention of travelling that road, but I am not so sure that there are not other people in this country who would travel it were they given the opportunity.

On this matter of Jehovah's Witnesses, I know many of these people in my own end of the country. I have some as friends and neighbours, and I know they are the best citizens in the community. They practise the brotherhood of man; their creed is "Love thy neighbour as thyself"; they accept their full share of responsibilities; they pay their bills. The only accusation I ever heard against them was that they make a nuisance of themselves; they pass around a lot of literature; they want to sell you a book every afternoon, and that kind of stuff. But we have freedom in this country to do that sort of thing; I am free to tell that fellow to get away from the door if I do not want to talk to him. I believe that to ban them as a subversive element, or an element causing dissatisfaction in his majesty's forces, or as in any way interfering with the war effort, is ridiculous, and it was an absolute mistake to include them under the defence of Canada regulations. Many of the people in question who are convinced that this is the kind of religion they should practise have sons and daughters in the armed forces. I know some of them personally; they are making their contribution. If the father or mother thinks this is the way in which they should worship God, I believe they should be given the opportunity. According to the Ottawa *Citizen* of recent date, if General Eisenhower's mother were living in this country she would be under this ban; she is a member of this group. In the United States they have not gone to the extent that we have in Canada in measures against this sect. I believe something was done in a restrictive way, but the courts of the United States gave them considerably more freedom than they have in Canada. The same applies to Australia, where the issue was exactly the same as we have it, and to-day they are as free there to carry on as is any other religious group.

I am not quarrelling with the Minister of Justice. He inherited the defence of Canada regulations. When they were drafted the situation was entirely different. Naturally there was a general weeding-out process gone through, but I think that on the basis of conditions to-day the minister would be well advised to review the whole matter, and if he has any supervision or jurisdiction over the defence of Canada regulations committee, he

should instruct them to complete the work they started last session by moving the report in the house, which would eliminate this issue now and in the future.

Mr. DIEFENBAKER: There is just one suggestion I should like to make to the minister about the defence of Canada regulations. It arises out of the case which I brought before the house to which reference has been made this evening, the case of Mrs. Mullins, who was charged with two offences, neither one of which was an offence against the regulations, submitted to the ignominy of arrest on non-existent charges, taken into custody and kept in custody for a period of nine days until the matter was brought before parliament and the result of publicity prevented a continuance of that oppression. It is all very well to say that the responsibility rests upon the attorneys general and the law officers of the various provinces. That is true, excepting in so far as offences are concerned under sections 39, 39A and 39C. The defence of Canada regulations were passed under order in council, and the responsibility rests upon this parliament to ensure that they shall be administered with one end in view, namely, the assurance of the security and public safety and defence of Canada during the period of war.

Mrs. Mullins' case illustrates the danger of having these regulations administered direct by the provinces. The defence of Canada regulations carry with them extraordinary powers necessary for the safety of the state and to assure the safety of the state. I advocate that the minister secure the approval of the governor in council to a change in section 39B, which now reads as follows:

> (1) A prosecution for an offence against regulation 39, 39A or 39C of these regulations shall not be instituted except by, or with the consent of, the Attorney General of Canada or of the province . . .

My suggestion is that this provision be made that prosecutions shall not be instituted excepting by and with consent of the Attorney General of Canada or of a counsel directed by him. It is only one case which has been brought before this parliament, but it is one of other cases similar in nature. This woman's position to-day would have been different, I believe, from what it is now if publicity had not been given to her case. No one is more desirous of doing justice than the present Minister of Justice; of that I am quite sure. Therefore I ask that in the interests of justice; in the interests of assuring that there shall be no oppression under these regulations, that prosecutions shall not be continued unless by and with his consent. That will not prevent proceedings being taken by way of summons or warrant, as the case may be, where offences are believed to have been committed, but they may not be continued except with his consent.

Mr. ST. LAURENT: The hon. gentleman is making a serious suggestion, worthy of serious consideration. Would he be a little more precise? When would he suggest that the matter should be brought to the attention of the Attorney General of Canada, and not proceeded with further until his consent might be obtained?

Mr. DIEFENBAKER: That is a very proper question. I think the proceedings might be commenced, where an offence is believed to have been committed, by the police authorities or by the agencies for the prosecution of offences in the various provinces, but the continuation of these prosecutions should be determined by the Attorney General of Canada. I think that is the only way in which it will be ensured that injustice such as occurred to Mrs. Mullins shall not be permitted. It is a serious matter to place a person in the position in which she was placed, having committed no offence but being held in custody. There is no way in which she can be recompensed; there is no provision for that. For all time there will be a suggestion that she did something contrary to the safety of the state in time of war, which is a serious matter. As far as possible that sort of thing should be guarded against.

Mr. SLAGHT: Perhaps the real point at issue in this discussion is becoming obscured. I do not imagine that any hon. member would desire to suggest that under the regulations, either by action of the minister or of the mounted police, anyone in this country should be prosecuted, much less arrested, for entertaining a religious belief. We are all past that stage. Such things were done two hundred years ago in the name of religion by enthusiasts who failed to appreciate the Sermon on the Mount, who thought the proper punishment for those who disagreed with their particular religious belief was to burn them at the stake as heretics. I imagine no one would suggest that we in Canada would tolerate any prosecution or persecution, as it has been called, on such grounds. But I wish to point out to the committee and particularly to those hon. members who perhaps feel strongly and who have spoken during this discussion this evening, that nothing in the defence of Canada regulations tolerates the arrest or persecution of any man or woman for a religious belief. I must

quarrel with the hon. member who is leading the Social Credit party for the moment, the hon. member for Macleod, who says he endorses the theory that we object to, as put forward by Jehovah's Witnesses, when they declared in Canada in 1941 and 1942 that human laws are not binding upon them if, in their opinion, those human laws, which are the laws of Canada, conflict with their view of divine law.

Mr. HANSELL: Is that not so in peace time as well?

Mr. SLAGHT: Certainly; but I think when my hon. friend reflects upon his assent to that proposition he will desire to inform the house some day soon that he did not mean it. What is he preaching, or what doctrine is he endorsing? He is a British subject, a Canadian; and under the British practice parliament decides the laws that shall govern British subjects. The doctrine of these people which he has just endorsed—and I hope he will soon repent, for I suspect that at times he preaches repentance—is that in their view the law which the parliament of Canada has put upon the statute books to govern the conduct of our citizens, either within or without the criminal law, means nothing to them; that they will defy it, disregard it and break it if it does not conform to their conception of divine law. Well, Mr. Chairman, that is awfully close, let me warn the hon. member, to preaching subversive doctrines either in peace time or in war.

What is his remedy? When these people put that doctrine into effect; when they break the criminal law of Canada and defy the laws that parliament has enacted, he blandly says to our overworked Minister of Justice, Well, just arrest them, because beyond arresting them the state is not concerned with the preaching of that kind of subversive doctrine, particularly in war time. In the committee on the defence of Canada regulations, of which I had the honour to be a member, hon. gentlemen will recall that it was shown that these people held meetings under the guise of propagating and preaching their particular religious doctrine. The amendment which, I am sure in his wisdom, has been made by the minister lessening the severity of their having been banned, takes care of that sort of thing and permits them to hold their religious meetings. As long as they confine themselves to their doctrine or religion, there can be no interference, because they are protected.

I think some hon. members who have spoken to-night have failed to appreciate that the preaching of a religious doctrine is one thing and advising young men in Canada to refuse to serve their country in this time of war is another thing. We met here for five days in September, 1939. We had no chance to consult our constituents; we did not need to. With two or three exceptions the members of this parliament declared that Canada would stand by the side of the mother country in this war. We did so, not from any compulsion because when Great Britain is at war Canada is at war. That old theory was exploded. We came here and said, on behalf of the people of Canada, "When the mother country is at war we seek and propose to stand by her side, and to send our men to help her." It was said—and I think it has been shown to have been correctly said—that the British channel is probably the last line of defence for Canada. And we sent, and are proud to have sent, our young men overseas to the extent of hundreds of thousands, in the three armed forces.

There has been a good deal of heat put on in this debate. An attack has been made upon the Royal Canadian Mounted Police, than which there is no finer force in all the world. There has also been an attack upon our Minister of Justice, who I believe is endeavouring to do the best possible job. I pay tribute to the hon. member for Cape Breton South, with whom I seldom agree, for his ready acquiescence in a refusal—although some of his colleagues did not see the light—to pour condemnation on our Minister of Justice for performing a very difficult task in war time.

But let me just point this out, that the subversive teachings of Jehovah's Witnesses to the youth of Canada were in direct opposition to the request of the government of Canada to the young men of this country to carry out the declared war policy of Canada, and to enlist in the three services for service anywhere in the world. They were invited so to do. The Jehovah's Witnesses said, "No; you should not do it"; and they preached their religious doctrine in support of a subversive policy, in direct conflict with the law of this country laid down by a unanimous parliament.

But they are not the only people in this country who laid down a doctrine, as they had a right to do, a policy which was in direct contradiction of the policy this government enacted. The Cooperative Commonwealth party, among whom I hope I have some personal friends, placed upon *Hansard* on the 9th day of September, 1939, a solemn declaration of their attitude toward military participation in this war, and they did not

do so lightly. The hon. member for Rosetown-Biggar made this clear, and for the benefit of hon. members I may say it is to be found at page 55 of *Hansard* of that famous war-time session:

> May I say that this is the policy, not only of the majority of our parliamentary group, but of our national council which met for two days this week and which represents the consensus of the leaders of our movement from coast to coast. I propose to place this policy upon the records of the house so that parliament and the country may have a clear idea of what it means. Our statement of policy reads . . .

I shall not trouble the committee with those paragraphs which do not deal directly with the topic under discussion at this time. However, item No. 3 says:

> No military participation overseas.

That is the declared policy of the Co-operative Commonwealth Federation at a session when Great Britain's back was against the wall, in September, 1939!

Mr. HANSELL: May I ask the minister—

Some hon. MEMBERS: Hear, hear.

Mr. HANSELL: —or the hon. member—perhaps he will aspire to being a minister some day—whether or not he would recommend the Cooperative Commonwealth Federation being declared a subversive institution, and therefore banned?

Mr. SLAGHT: Certainly not, and my hon. friend well knows why. Let me say to him, in parenthesis, that his party, through my good friend, the hon. member for Lethbridge, made a sound and magnificent patriotic declaration that they would have no part of a weakling policy of no participation overseas, and he made it clear. I refer to this matter this evening, not to chide my hon. friends in any improper way, but to point out that if they were to be entrusted with the government of this country, I would ask the people of Canada first to consider whether, with the empire in a crisis, their declared policy, properly placed upon the records of parliament, was a policy that they are not now fully ashamed of.

They are loyal people in this way; they believe in parliamentary institutions and in declaring their policy before parliament. They did not come out after that declaration of their policy was outvoted and re-declare the policy of not standing by the side of the mother country and participating in the fighting overseas. If they had thereafter gone out and preached this kind of doctrine, I am not at all sure, may I say to my hon. friends, that they would not have been in the class that declares that parliament does not matter, if the law of God does not carry their mind to carry out the law of Canada. They did not do any such thing, and I do not accuse them of any such thing.

Just another word with regard to the hon. member for Cape Breton South, with whom to-night I was in practically full accord. I think he took a stand which did his party credit, and I am sorry the other hon. member I am looking at did not take a similar stand, when he wanted to pick and hack at the Minister of Justice. But I do have a little quarrel with the hon. member for Cape Breton South, because it may be recalled that in Hamilton, in March of this year, under the auspices of the Cooperative Commonwealth Federation, at a Sunday afternoon meeting in a theatre he addressed a group of labour men, and made a statement—and I think it was a pity, because we were still recruiting, and we are recruiting to-day. This statement was not made under the protection of parliament. It was made, I am afraid as a rabble-rousing effort at a Sunday afternoon labour meeting, under the auspices of the Cooperative Commonwealth Federation. This is what he said, as it was reported in the Hamilton *Spectator*, and I put it on *Hansard* and ask him to deny it. I will read his language. This is what he said on that Sunday afternoon:

> The people will have to get rid of the Churchills to attain their ideals.

March, 1943! Great Britain still in dire need! A God-given leader in Winston Churchill, whom a gentleman had no right to criticize! And he says to his Cooperative Commonwealth Federation comrades in Hamilton, "The people will have to get rid of the Churchills to attain their ideals"! Well, that may be the Cooperative Commonwealth Federation ideal, but I do not think you can get any other member, including the hon. member for North Battleford, to abuse Winston Churchill. That hon. member is British, I think. She is proud of Winston Churchill, as we are, all of us, proud of him. And when I charged him with that statement, and challenged him to deny it—and I hoped he might have said he was misreported—what did he say? On April 6, as it appears at page 1914 of *Hansard*, he said:

> I have no intention of denying it, and under the proper item I shall reiterate and explain it to the satisfaction of the hon. member.

Well, as far as I can recall, that "proper item" has not come along. He has not dared to reiterate it, nor has he attempted to explain it.

Where does that leave him and his party? He did not go to Hamilton by accident. He

went to Hamilton on the invitation of the Cooperative Commonwealth Federation in Ontario. And I have not heard any of the leaders of the Cooperative Commonwealth Federation in Ontario repudiate that statement. I want to leave in the judgment of this committee whether that condemnation is a slur, a besmirching of Winston Churchill, the hon. member's daring to say to the people of Canada—let me get it exactly right —"the people will have to get rid of the Churchills to attain their ideals." What are the ideals that the Cooperative Commonwealth Federation entertain which necessitate ridding the empire of Winston Churchill? The hon. member has a full chance to reiterate and I should like to hear him explain it. He is advertised somewhere in Ontario, I believe in a campaign that is said to be going on there; I believe there is said to be a campaign in Ontario—

Mr. DOUGLAS (Weyburn): You can tell that when you are speaking to-night.

Mr. SLAGHT: —as being a man of great boldness in the House of Commons. If that is boldness, God forbid that we teach young Canadians to be bold.

Mr. MacINNIS: You do not need to cast any slurs upon the hon. member for Cape Breton South for lack of boldness.

Mr. SLAGHT: I am quoting an advertisement which was paid for by the Cooperative Commonwealth Federation in the province of Ontario. It is not my language; I would not call him bold.

Mr. MacINNIS: What is wrong with that?

Mr. SLAGHT: Nothing wrong with it.

Mr. MacINNIS: Why are you taking up time with it?

Mr. SLAGHT: Do you not like it?

Mr. MacINNIS: Oh, yes.

Mr. SLAGHT: My hon. friend for whom I have a high regard has challenged me and said that I am taking up time with this. I will ask him a simple question and I will sit down while he answers it. Will he dare to say to this committee that the people will have to get rid of the Churchills to attain their ideals?

Mr. MacINNIS: That is not the question.

Mr. SLAGHT: All right, I will go on. I rose to point out that we have been under a misapprehension, and my hon. friends across the floor have been under a genuine misapprehension. They are perfectly right to come forward and champion the cause of religion and the right of every man to engage in the religion he likes. But this country is at war, and when you are at war and you use religion as a cloak to urge the youth of Canada to disobey and defy the laws of Canada, then I say that your divine law should not spare you.

Mr. MacINNIS: Mr. Chairman we have heard a typical lawyer's speech. Not having anything to advance against the arguments which were made from this side of the house urging that the persecution of Jehovah's Witnesses be stopped, the hon. member talked about something else. Any good lawyer can do that; every good lawyer always does it when he has not a case. That is the way in which he makes his living. He said that these people were using their religion as a cloak to do things that were detrimental to the war. The hon. member no doubt knows there are sections in the defence of Canada regulations which take care of actions of that kind without having to put a whole religious organization under a ban of illegality, without having to invade churches where people are partaking of holy communion, without having to interrupt their service to ask for registration cards, without having to take people off to the police station because they have not their card. Let me tell my hon. friend that he does not need to look over here for either obstruction or objection to Canada's war effort. If my hon. friend will only look behind, he will see plenty of it.

On every possible occasion reference is made to the attitude of this party. We did take that attitude, but we were compelled to take it on account of the attitude that my hon. friend and his friends took in the years preceding the war. You supplied the enemy with the means of war; you assisted Hitler and Mussolini during the years between 1936 and 1939 to destroy democracy in every part of Europe. How did we know that you were not going to do the same thing again? The people of Britain had to do the same thing; they had to get rid of certain leaders before they could get on with the war As the hon. member for York-Sunbury (Mr. Hanson) said the other day, it was considered a phoney war until the fall of France. When we arrived here in May, 1940, the Minister of Munitions and Supply (Mr. Howe) said that they, the government, could not get on with production because they could not get the requisite plans and processes from Great Britain. British industrialists had decided to make it a capitalist war, as is being done here.

But that has nothing to do with the question at issue, the question of Jehovah's Witnesses being declared an illegal organization. Why have they been declared an illegal organization in the first place? I submit that the Minister of Justice has not yet put on record a clear statement that would be satisfactory to this committee as to why that was done. My hon. friend has not done that. The special committee on the defence of Canada regulations which met last year heard all the evidence that the Department of Justice brought before it; it heard all the witnesses for the defence of Canada regulations, and as far as my memory goes the committee was unanimous in recommending that the ban on the Jehovah's Witnesses should be raised. My hon. friend was a member of that committee. Why did he not rise in the committee and face those Jehovah's Witnesses? He could not face them with the argument he made here to-night, because that argument was not applicable in the committee. He had to meet them with the facts, but he did not meet them with the facts. But this fact still remains; that is, that no evidence has been placed before this committee that would justify the declaring of the Jehovah's Witnesses an illegal organization. In my opinion it is clear, pure religious prejudice that is maintaining the ban.

Mr. McGEER: I do not want to continue this discussion, but I have been anxious to have something to say about the old age pension system that we have. I must confess that I think that the Communists and Jehovah's Witnesses are getting altogether too much attention as compared with what attention we are giving to our old age pensioners. I just want to say this to the committee—

The ACTING CHAIRMAN (Mr. Golding): Old age pensions have nothing to do with this matter.

Mr. McGEER: I am not talking about old age pensions. I got past that before you decided it was out of order. I am speaking about this particular matter. I wish to say to the Minister of Justice that surely the time has come when we should have a set of rules and regulations in this house under which the things that should be debated can be debated and useless debate of the kind we have had to-night not be permitted to take up the time of parliament as has been done.

So far as I am concerned, and I hold just as strong convictions as anyone in this committee, I think it is a mistake to have a ban on communism, and I think it is a mistake to have a ban on Jehovah's Witnesses. I believe the best security against these kinds of isms is to let them come out and expose themselves. I believe we can depend upon the patriotism and common sense of the people of Canada to take care of themselves. But when parliament has made a decision that is an expression of the overwhelming majority of this house, it does seem to me to be an obvious waste of time to repeat over and over again arguments that the overwhelming majority of this house have repudiated, and repudiated with, I believe, the overwhelming support of the people of the Dominion of Canada. Surely the day has come when we can transact the business of Canada along something like the same lines of orderly procedure that is followed in the British House of Commons, and surely this debate to-night is clear evidence of the need of bringing up to date the rules governing debate in this house.

Mr. HANSELL: I am not rising now to answer the hon. member for Parry Sound. As far as what he has said about me is concerned, I am quite willing to let my record stand not only as a patriotic citizen of Canada but also as a law-abiding citizen. I think that when his speech is analysed to-morrow it will not appear so sound as it sounded to-night.

I rise just to ask one question of the minister. It is a simple question. These people known as Jehovah's Witnesses are frightened to assemble themselves together. I wish they could be relieved of that fear and that some publicity could be given to the regulation which permits them to gather together in worship.

There is one other matter. I have said that they were frightened. I have had, over the past year and in the past few days particularly, no end of letters which have been sent unsigned, anonymous letters from these people, and the reason why they are sent anonymously is that these people are frightened to sign their names. Some of them say so. I am not bringing this up because it is an important matter but on account of the principle involved. Why should people be frightened by any regulations? I wish to ask the minister, will he just assure these people that they can write to members of parliament and to their friends on these matters, and sign their names without any fear of coming under the defence of Canada regulations. That is a simple request, and I believe that the minister should assure these people of at least some protection in that respect. I should like an answer from the minister.

Mr. ST. LAURENT: I can give no other assurance than that which is provided by the text of the regulations which were published at the time in the *Canada Gazette*. If that is

not enough for them, I do not know that there is anything more that I can accord to them.

Mr. HANSELL: The minister will not even say that they can write a letter and sign their name?

Mr. QUELCH: I should like to make a few comments on certain things the hon. member for Parry Sound said to-night. If the arguments he put forward are logical, I think we might well ask this question: Why is it that the government has not long since placed the ban upon the Doukhobors? I was in British Columbia two years ago, and while I was there the Doukhobors burned down a packing plant because they wanted to force the fruit growers in that community to sell their fruit through their organization. The growers got together and built another building. Before it was completed, it, too, was burned down. While there was not absolute proof that the Doukhobors burned it down, that was the general belief throughout the district, and the provincial police with whom I spoke at the time admitted that the Doukhobors had burned down the building.

I was also told that forest fires which were continually occurring around the district were set by the Doukhobors in order that they would be able to get a job fighting the fire. That kind of action was subversive. I think the Doukhobors have not been prominent in their support of the war effort. Sometimes I become convinced of the fact that this action regarding Jehovah's Witnesses is largely a religious question. Some three years ago a couple of men called at my house on the prairie one morning. I did not know who they were. They asked me whether they could play a couple of records. I thought at first they were salesmen for a certain make of phonograph. We gave them permission to put on the records and they played them. They were two recordings of the man by the name of Judge Rutherford. I want to give the committee the assurance that in those two speeches by Judge Rutherford there was not one word of a subversive nature. The whole of the two speeches was a bitter attack on the Roman Catholics. I do not suppose that is considered subversive. It is intolerable, I will admit. I do not approve that type of attack. But it does make one wonder whether the action against Jehovah's Witnesses is largely on account of their attitude toward the Roman Catholics, instead of their attitude of a subversive nature.

Mr. LaFLECHE: That is a shame.

Mr. QUELCH: You may say that it is a shame, but that question is being asked all over this country. I am asked it from one end of Canada to the other, and I am just repeating the question.

Mr. CRERAR: I was not aware that my hon. friend had travelled all over Canada from one end to the other.

Mr. QUELCH: I have travelled over many parts of Canada.

Mr. CRERAR: I can say this and I have some knowledge whereof I speak. There is not a single particle of evidence to support the allegation which the hon. member made in his concluding remarks.

Mr. QUELCH: I did not make any allegation. I asked a question that is being asked all over the country.

Mr. CRERAR: It was close to an allegation, if it was not an allegation. I think all members will agree on reflection that it is a most unwise sort of statement to make. He raised the question whether the policy of the government so far as Jehovah's Witnesses was concerned was inspired by their attack on the Roman Catholic church. That is the only inference that could be drawn from his statement. I wish to say that that inference has no foundation whatsoever, and I want that to go across this country. The raising of issues of this kind, the planting of seeds of doubt and suspicion is the greatest disservice that can be rendered to Canada at the present time.

Mr. QUELCH: The suspicion is there. I am not planting it.

Mr. CRERAR: I repudiate absolutely the implication in the remarks of the hon. member.

Item agreed to.

Justice—

Expenses in connection with the prize courts, $10,000.

Mr. CHURCH: How many cases have been tried by the prize courts since the beginning of the war?

Mr. ST. LAURENT: There was no expenditure last year, and no expenditure the year before, but it is felt prudent to keep the vote there, because it is quite possible that at any moment the prize courts might have to be organized to condemn prizes.

Item agreed to.

Justice—
Sundry services, $5,700.

Mr. ST. LAURENT: This is for the salaries and cost of living bonus of three temporary employees added to the department to cope with the extra war work.

Item agreed to.

Royal Canadian Mounted Police—
Increased activities of the force due to the war, $6,091,320.

Mr. ADAMSON: In mentioning the Royal Canadian Mounted Police, I do so merely because I have had some slight connection with them during the present war. Prior to the war the Royal Canadian Mounted Police were a small but efficient technical force. They had come down from the old Royal Northwest Mounted Police who wore the red coat and rode the horse, the days when the red coat and the horse were symbols of British justice in the great territories of the northwest. Through science they became an efficient and almost international police force whose name was known from one corner of the world to the other. In the beginning of the war there was no force that received such small recognition as the Royal Canadian Mounted Police in the matter of pay. Their pay at that time was even less than the pay of the private soldier in the Canadian army. They were subject to various restrictions with regard to marriage and freedom in one way or another, and a protest was raised in this house.

The first thing that happened was that they did receive an increase in pay, and first of all, let me say that I consider that increase inadequate, having regard to the work which the force has done. It is a small, highly-trained, extremely efficient force, and the money we expend on the Royal Canadian Mounted Police is one of the best investments we have ever made in this house.

It is not luck that we have had no sabotage in Canada. It is not luck that we have not had mysterious fires. It is not luck that we have not had a number of enemy agents loose. Further, it is not luck that there has been so little sabotage in the United States. I merely mention that we were at war for a long period before the United States became a belligerent; and when the history of this war is written, as I hope it will be written some day, and the place of the Royal Canadian Mounted Police is properly evaluated, we shall have, I believe, cause to appreciate what this force has done for Canada.

I make these observations now because there are two objections I have to the present set-up of the force. The first objection is that the force, with the present pay and allowances, is a far lower basic rate than the federal bureau of investigation. I think they are doing equally important work as that done by the F.B.I., and the first point I want to bring out is that this force should be paid on the same basic rates as the F.B.I. Equal pay for equal work is an axiom of democracy. The Royal Canadian Mounted Police are doing equally important work with the federal bureau of investigation, technical work that requires the highest possible efficiency and training, work that cannot be learned or understood until men have had years of training. They are doing that work and in my opinion are not receiving adequate recompense for it.

The second point on which I disagree with the policy is this. The functions of the Royal Canadian Mounted Police have altered. In the old days in the northwest territories, when the red coat meant his majesty's justice, that red coat was a symbol, and it was an efficient symbol that justice would be done throughout the length and breadth of this great land. The red coats of the mounted police have, however, been used to an extent which I think is questionable as a show or a parade ground force. These men are too valuable to be used merely as guards and as a show force. They have received training, sometimes going into many areas, and I think their use as guards is undesirable. I am not speaking of the temporary constables with the armband who serve as guards in our public buildings, but I object to the use of the Royal Canadian Mounted Police as guards of dominion public buildings. Their job is far higher and more important than merely that of custodians of public property. I wish I could say what their job has been during the war, but it has been so important that I should like to see the use of the words "Royal Canadian Mounted Police" divorced from the mere guarding of buildings, from the man who stands in the corridor and takes your pass. In my opinion he is not a member of the Royal Canadian Mounted Police.

These are the objections I have to the vote. The vote has been increased and is now $6,091,000. In my opinion that vote should go to the trained men of this force and should not be used to pay the guards of public buildings. I believe such guards should be taken on by the public works department, who have the responsibility of erecting the buildings, or that the guarding of these buildings should be the obligation of the departments concerned. The national defence department takes the responsibility

of guarding its own property. I believe that the other public buildings of the government should be guarded by the departments concerned, thus freeing the Royal Canadian Mounted Police to do the work which they have done, without question, with the highest possible regard for the security of the state. With respect to their activities concerned with the apprehension of suspected enemy agents, no suspect receives the benefit of the doubt more freely given than by the Royal Canadian Mounted Police. No force takes the trouble, the painstaking trouble, to establish beyond any peradventure of doubt the guilt of the individual who is apprehended. I have very little sympathy with anybody who will say, certainly in the part of the country which I know best, that a man who has been apprehended by the Royal Canadian Mounted Police has not received a fair chance.

There is one thing more I want to say about the police. The recent case relative to the registrar in military district No. 2, Toronto, indicates that the force acted with absolute fearlessness, without any suggestion of political pressure, when three of the highest officials in a department of government were apprehended and charged.

I ask the Minister of Justice to promote three objectives in this connection: first, that the force shall continue to be the highly skilled and highly technical body that it has been; second, that the pay of the force should be placed on a level comparable with that of the federal bureau of investigation; third, that the job of being custodians of real estate should be taken away from this great force.

Mr. DIEFENBAKER: I join with the hon. member who has just spoken in commendation of the activities of the Royal Canadian Mounted Police. I have had some experience of the work they have done in my own city of Prince Albert, where one of the oldest detachments in western Canada is located. To-day the mounted police need no defender anywhere in this dominion for the magnificent work they have done, particularly during the period of the war. In that connection I wish to mention the work done in the sphere of scientific investigation. In Saskatchewan we have located a scientific laboratory under Doctor Powers. The work which has been done by that department is of so remarkable a nature that it has won the approval not only of the people of my province, but of people outside Canada.

I rise, however, to ask a question of the minister. In view of the fact that to-day the Royal Canadian Mounted Police operates generally throughout the dominion, and that in order to operate successfully, it must co-operate with provincial police forces and also with city and municipal police forces, I suggest, in the interests of a better administration of justice, that some body be set up in this country to operate as a coordinating unit between the Royal Canadian Mounted Police and the other police bodies. What I have in mind is a body similar in nature to Scotland Yard in Great Britain and the federal bureau of investigation in the United States of America. If such a coordinating corps were set up, the work that the Royal Canadian Mounted Police and the various police forces throughout the dominion could do would be immeasurably improved. The question I wish to ask the minister is whether consideration is being given to the setting up of such a co-ordinating body.

Mr. ROSS (Souris): I endorse all the remarks made by the hon. member for York West about this splendid force, the Royal Canadian Mounted Police. There are a couple of questions I wish to ask the minister before he makes his statement. One is with regard to the cost of living bonus. It is granted to many dominion civil servants, and in view of the work which the members of this great force are doing, and the effect of the increased cost of living especially as regards married members of this force, I hope the government will see its way clear to grant the mounted police a cost of living bonus.

Another question: Is a member of this force who has given splendid service over a period of twenty years or more not entitled either to promotion or to some form of special recognition? It seems to me that when a member has had at least twenty years of service and has a clear record, the department should recognize that service, either by promotion or by some recognition whereby his pay would be improved with corresponding benefit upon his retirement. I trust the minister will make a statement regarding these two points.

Mr. CHURCH: Only a member of parliament who has had some connection with the police commission of a municipality can understand these estimates or the functions which this particular department has carried on for so many years so ably and faithfully.

The details of the estimates for the last fiscal year as compared with those for the year 1943-44 indicate careless methods in preparing the war appropriation bill. For example, for the last fiscal year the Minister of Finance in

his budget speech gave the estimates for the mounted police for the fiscal year just closed as $4,147,000, but in the details of that I find that the expenditure was only $3,869,507. I would suggest to the head of the department that there should be some other system—

Mr. ST. LAURENT: If the hon. member will allow me, the estimate made by the Minister of Finance was quite correct, but it covered all the expenses estimated to March 31. On the mimeographed sheet that I have distributed appear only the accounts that were actually paid before March 31, and the difference will appear in the supplementary estimates that will be tabled within the next few days. The amount mentioned by the Minister of Finance became due but was not paid before March 31. We had the appropriation to pay it, but we had not received the accounts, and the payments were not actually made. So that the amounts unexpended lapsed, and had to be included in the supplementary estimates for 1943-44, though the amounts are attributable to accounts which would have been paid in 1942-43 if they had been available.

Mr. CHURCH: If the minister had waited until I had completed my statement, I would have said nearly all that he has said. Here are the draft estimates for the last fiscal year, and not one of the items corresponds with the amount actually spent. I am not blaming the head of the department for it; he is one of the most competent men in the public service. My point is that we have had the war appropriation bill before us almost since the beginning of this session. If you go through the various items, you will see that the amounts are sometimes varied on account of the transfer of some items, on account of work not done, on account of a smaller number of people employed, and for various other reasons. They are not really estimates at all. You were prominent in municipal work, Mr. Chairman; I am sure you will agree that in a municipality the estimates almost always check with the actual expenditures.

I realize that the work of the mounted police has gone up by leaps and bounds during the war. Before the war the conditions of work were not very satisfactory to the rank and file of the men, or even to the heads of the department. The commissioner, the headquarters staff and all the others worked for very small salaries for many years. The men in the department suffered as a result of the small pay and poor working conditions, and the work done between the two wars was somewhat hampered by the lack of funds. As I look over the details of these estimates, I find that there were only three small deficits, while on the other hand there were several large unexpended balances, which it is said were caused by the force not being recruited up to establishment, and by the anticipated general organization of the security service being found not necessary. Then I see this statement:

> A realignment of allotments, in order to better control expenditures, was made in the fiscal year 1943-1944 from that submitted for 1942-43. This consisted in 1943-44 in transferring allowances (in lieu of quarters, rations, fuel and light) from "pay and allowances" to "allowances including billeting, messing and provisions".

If we take all the items together, the expenditure for the coming fiscal year is estimated at $6,091,319.40, the exact figures given by the Minister of Finance last March.

There is one other thing I wish to point out in connection with the mounted police. The war has placed tremendous responsibilities and burdens on the civilian police, the mounted police, the home guard and others right across Canada from coast to coast. For the last six or seven years I have urged that the municipalities should be given some recompense for the federal work that is done by the police departments of the cities of Toronto, Hamilton and other places throughout the country. There has been the utmost cooperation between the civilian police and the mounted police. I heard the late Colonel Denison, who helped found this great institution, pay tribute on many occasions to the cooperation that has been given by the mounted police to the civilian services of police throughout all these years. I believe the time has come when the federal authority should recognize the work these municipal police departments are doing in connection with the administration of federal laws. It is the function and duty of the provincial attorneys-general to enforce all federal law. As you know, Mr. Chairman, the provincial attorneys-general have not the proper staff to do all this and enforce all federal laws, so that they just pass the responsibility over to the municipal police. With the tremendous number of acts, regulations and orders in council being passed by this government, I believe the police of the larger cities are entitled to some recognition of the services they are rendering in this regard. In Australia for many years the federal authorities gave subventions to the cities in connection with the enforcement of the federal laws and aided financially this important work. That was done also in New Zealand, and in many of the states of the United States cities and

towns were paid subventions for police services in connection with the enforcement of the federal laws of that country.

When you compare the number of men on the civilian police forces with the number they had a few years ago, and take into consideration the tremendous responsibility that is placed upon the civilian police by the federal powers in war to-day, you can understand that in many cases the local police have not sufficient time to attend to their own most important functions and duties and protect the lives and property of the citizens who pay them, with the result that the burden on the taxpayer has become almost intolerable. I do not see why this government could not compensate the police departments of the municipalities for the war-time federal work they are doing. The mounted police come to the city police and want somebody arrested, or want to take out a warrant or lay an information. The local police have to cooperate with them; a court session is held; witnesses are called; police officers are taken off their beats to give evidence, and the municipality is charged with the entire cost, and the upkeep of those convicted. The whole system is wrong. They do not have that system in the old country, and we should not have it here. The government that passes all these orders and regulations should pay for the work required to enforce them. Other cities such as Hamilton, London, Winnipeg and Vancouver have done this federal work free and have had this matter under consideration; the police chiefs' association have urged that some measure of justice should be given the municipalities along the lines I have indicated.

I believe the mounted police now are getting a very fine type of recruit, and I hope that in future the men will have better working conditions and better pay, after carrying on for many years with very small incomes. Better schedules of pay are urgent. I have been acquainted with the work of the mounted police since shortly after the South African war; I have followed their work in Toronto, not only as a police commissioner but as one who has taken a great interest in the mounted police system, and I can tell you that with their small salaries very few of them have been able to make any provision for their old age. The present minister is to be commended for some improvements he has made in the lot of the men of the department, and I hope he may continue to improve in the future the condition of these men and of all ranks in this fine system of the public service. I urge upon him that this matter should be taken up with the Minister of Finance, and with the municipalities, which are bearing the brunt of this work. I see the hon. member for Parry Sound in his seat to-night, and realize that he knows a great deal about the administration of justice in the courts, and the work done by the civilian police in aid of federal power. I believe the time has come when the federal power should pay for the services rendered, and the out-of-pocket expenses, along the lines I have indicated.

Mr. SLAGHT: I desire to join with hon. members who have indicated to the Minister of Justice the worthiness of this course and the fact that the mounted police are underpaid. I know a good deal about their requirements. Before one can join the mounted police force he must have a high type of education. The courses they must undertake are severe. They have to study criminal law; they have to learn how to handle horses; they have to be expert drivers of motor cars; they have to understand ballistics; they have to do laboratory work, and be able to analyse blood stains. This is a course requiring men of a high grade of intelligence.

I believe it was two years ago that hon. members, appreciating the underpayment of the force, expressed themselves strongly, and I believe as a result of their efforts there was a slight increase in pay. If the practice has not been changed—and the minister will know; I am not quite sure—a man who enlists as a constable must serve for seven long years before he can have a raise in pay of a single dollar or a single ten-cent piece. That ought to be changed.

To my mind, the force is terrifically underpaid. That is not the fault of our Minister of Justice, because he has no authority over their payment. It is a matter which must be dealt with by parliament, or on the minister's recommendation. I know he and his predecessor have had to fight the treasury board. They have been loath to make increases.

Mr. REID: Who are "they"?

Mr. SLAGHT: Well, they are a mysterious entity, of very worthy gentlemen. When we advocate a worthy cause, a worthy application for an increase, one concerning which practically all members of the house are unanimous, and we find we get no results, then in my limited experience I sometimes cast a suspicious eye on the treasury board. I make an appeal here and now to that board, through the minister. It would be but common justice to increase that portion of his estimate which

comes under the heading "pay" by 25 per cent. Even then it could be suggested that the mounted police are underpaid.

They carry out a terrific number of tasks in peace time and also in war time. They have to see about the enforcement of the Customs Act, the Opium and Narcotic Drugs Act, the alcohol legislation, in which they run down stills, and illegal manufacturing of alcohol. They must check the white slave traffic. Those are items which come under their jurisdiction in peace time. But when we add to that the fact that part of the force is the secret service of Canada, corresponding to that magnificent force known as Scotland Yard in the mother country and the federal bureau of investigation under J. Edgar Hoover in Washington, then we realize that in war time their task becomes stupendous.

They have to search every outgoing and incoming vessel in every harbour on both the Pacific and the Atlantic coasts. When we remember the millions of tons of shipping we have sent successfully across the Atlantic ocean, and the fact that these men, in all kinds of weather, have to make sure that no damage will come to those vessels, and with that in mind have to enter the holds and perform the most difficult tasks to see that no sabotage is being committed, we realize that they carry on a wonderful piece of work.

There is a condemnation, as I see it, in the very memorandum furnished to us. It is a condemnation, not of the minister, but of us, as a parliament; because under item 3 we find this:

> The large unexpended balances under allotments of "pay" and "security service" were caused by (a) not being recruited up to establishment.

The reason why they are not recruited up to establishment is that we cannot get the type of young men in Canada who are required for this work to enter the force, on account of the pittance we pay them. And in war time, and at all times, it is incumbent upon this country to see that the force is properly paid.

I would just remind the committee of one factor. Many of these men are married. There is a restriction about marriage without the consent of the authorities. I should like to pay great tribute to General Stuart Wood, the efficient head of this force. The committee will remember that he was selected by us to escort their majesties, and he took charge of their welfare on the trip they made across Canada and into the United States just before the war. He is a magnificent officer, and the same might be said of his inspectors, the higher command, and right down through the line to the last constable. They are a splendid force.

When the married mounted police officer leaves home in the morning, bidding his wife and perhaps his children good-bye, those people at home do not know whether or not he will come back at night. He must perform services in contact with and in suppression of the most dangerous type of criminal any country can produce. He takes his life in his hands every day he dons his uniform and goes on duty.

Therefore I appeal to the minister, and to the treasury board behind him, to add twenty-five per cent to the pay of these men, adjusting it with reason, throughout the entire payroll of this magnificent force.

Mr. BLACKMORE: I should like to associate myself in a most emphatic manner with the remarks of the hon. member for Parry Sound. All he has said is entirely correct. I believe we could go even further than twenty-five per cent, and still leave a most magnificent and deserving force very much underpaid.

Mr. ROSS (St. Paul's): I should like to speak from the experience I have had with the mounted police in Toronto. I believe I could not voice sufficient appreciation of the work they have done, and the efficency of the force in that city. They have great difficulties to contend with, one of which is that they must deal with other police forces, and in those dealings must be at all times diplomatic. Then, they must not go outside the bounds of provincial rights.

I would express my appreciation of the force, from the commissioner down to the constables, and would make special mention of those men who are engaged in secret investigations of one kind or another. They are doing a magnificent job for Canada, although it has very little glory connected with it. Many of these men do not wear uniforms. I believe the only way in which their services can be properly appreciated is by increasing their pay. I agree with the hon. member for Parry Sound, the hon. member for Souris and others who have spoken, that the cost-of-living bonus certainly should be given to the men on this force. Their pay is very small, when one considers the work they do.

Another point is that in Canada this force is the symbol of law and order. The sight of our red-coated mounted police around the government buildings in various Canadian cities is an incentive to law and order. Seeing

these men and having a knowledge of the history of the force helps to make law-abiding citizens. Their duties call them all over the country, as far north almost to the north pole; sometimes they have to go out of the country, to Australia or some place like that. As the hon. member for Parry Sound said, those men who are engaged on secret investigations do not know whether they are going to come back. They are always in danger. While the force has a certain attraction for young men, I think the pay and allowances are not sufficient to make young men want to make this their life work. I agree with the hon. member for Parry Sound when he says that a considerable increase in pay should be given these men. The cost of living has gone up some seventeen per cent, and it would not be out of the way to have the mounted police receive a substantial increase. I wish to congratulate the commissioner and the assistant commissioner—I know of some of the work he has done—for having kept up the high standards of the Royal Canadian Mounted Police.

Mr. GRAYDON: I wish to identify the Progressive Conservative party with the suggestions which have been made for better financial treatment of the Royal Canadian Mounted Police. I am not going into this matter to-night at any length, because earlier in the session I raised this question. I should like to suggest to the minister that the pay and allowances of the Royal Canadian Mounted Police should be reviewed at once with the object of bringing them up to the standard of service they are rendering Canada in this war-time period.

Mr. GILLIS: There is some information I should like to get in connection with this item. At the latter part of last session the minister brought down a special appropriation to set up what I understood was a security police force. I assume that that would be included in these war appropriations now before us. Before I go into that matter, I should like to take a moment or two to reply to some of the things the hon. member for Parry Sound had to say about me a few moments ago.

Mr. ROSS (Souris): That does not come under the police force item.

Mr. GILLIS: Nor did the remarks he made a few minutes ago. It has never been my custom to delay the committee, because I generally try to be as relevant as possible to the item under consideration. On two occasions during this session the hon. member for Parry Sound has deliberately gone out of his way to make a personal attack upon myself without having any evidence to support it. As a noted criminal lawyer he seems to have little respect for the laws of debate in this house. I have deliberately avoided getting into the discussion, because I try to observe the rules of this house.

As I said a moment ago, on two occasions the hon. member for Parry Sound has been permitted to rise in his place in this house and make an attack upon me without any evidence to support it except about four lines that were taken out of the context of a forty-minute speech of mine by the hon. member for York-Sunbury (Mr. Hanson) and placed on the record. That is the evidence upon which the hon. member for Parry Sound based his remarks to-night and on a previous occasion. At that time I told him that when the opportunity presented itself under an appropriate item I intended to reply to the hon. member for York-Sunbury. Neither of the hon. members is in the chamber at the moment.

We know why the hon. member for Parry Sound made the remarks he did this evening. It is obvious that he did so for political reasons. If he were as patriotic as he would have us believe, he would not have started a discussion and taken up the time of the committee in order to make the remarks he did. His attempt to-night to discredit the Co-operative Commonwealth Federation and myself in particular was based upon four lines from a speech of mine which were placed on the record by the hon. member for York-Sunbury on March 18, 1943, when he quoted the Hamilton *Spectator*. I did not reply at that time because I would not have been in order, nor did I reply to the hon. member for Parry Sound when he interjected a similar tirade against me. I did not want to take up the time of the house. But when the same matter is raised three times during the same session I think it is up to me to defend myself.

The basis of the statement by the hon. member for York-Sunbury, which in turn was the basis of the statement by the hon. member for Parry Sound—he had no knowledge of it; he had no idea of what had been said; yet he stood up and tried to mislead the people of this country into believing that a certain thing had happened at a certain time—was a report of a meeting which I had attended in Hamilton. I was invited to this meeting by members of a reputable organization who are just as interested in and perhaps making a greater contribution to the war effort than the hon. member for Parry Sound. I discussed the subject they gave me to discuss, and I made a forty-minute speech,

During that speech I was asked whether I thought the full aims and objects for which the people of Britain were fighting the war would be attained under the present British government. I have my own opinion as to the aims and objectives for which the British people are fighting that war and, exercising that opinion and the right to express it, regardless of what the Hamilton *Spectator* had to say, I said that in my opinion when the British army was brought back from Dunkirk, battered, practically disarmed, having been caught in a trap which, in my view, had been prepared by the ruling classes of France not only for the British but for the French army, it was the ordinary, common citizen who had rescued his army. That is a statement of fact. I said that I thought the British people were waging a war against the leadership which had placed their army in that position at Dunkirk, and that when this war is over, leadership from the classes in Britain who were making the major portion of the sacrifices would be selected to bring about those changes which I visualize the British people as fighting for and a system which will preclude the possibility of a repetition of a world war in the next generation.

With respect to Churchill, I said that I in no way detracted from his ability as a war leader, but that in my opinion the British people were not fighting for British imperialism in the aftermath of this war, and that when the war was off their hands they would in their own way decide who should write the peace and in what kind of society they would live. Fighting the war and rearranging a country's economy are two entirely different jobs and require men of different calibre. That was my answer. I detracted in no way from Churchill's ability as a great leader in the crisis of war, but I do not now nor did I in the past visualize the restoration of the status quo.

Many hon. members have attended meetings, but they do not assume any responsibility for what some pin-headed reporter may write in his paper. As to this reporter for the Hamilton *Spectator,* I never saw him, and did not know he was there, and yet the hon. member for York-Sunbury takes as his authority what was written in some obscure paper by somebody over whom I had no control and no responsibility for whatever, and puts that on the records of this house as gospel.

Mr. FULFORD: If the hon. member's remarks were not correctly reported, why did he not write to the paper and correct them? Why wait until now to do so?

Mr. GILLIS: My answer to that is this. There are 625 newspapers circulating in this province and I do not know how many there are altogether in Canada. If you have time to read all the newspapers in Canada and answer all the stuff you see in them about your party, you are not going to do much work in this house. I had never seen the article in the Hamilton *Spectator*; I have not seen it yet; I never knew anything about it until the hon. member for York-Sunbury put it on the records of this house, and then I went to the library and looked for it, but someone had it and I have not seen it yet.

The hon. member for Parry Sound has endeavoured on two occasions to belittle the members of this group so far as the war effort is concerned. I am not holding any other member of his party responsible for his utterances, but speaking for myself I say that I will put my record at any time on this *Hansard* or in any journal in this country alongside the record of the hon. member for Parry Sound as a citizen of this country. When it comes to serving this country on the basis of patriotism and being willing to do something for our institutions and their maintenance I will put my record at any time alongside that of the hon. member for Parry Sound.

Mr. FRASER (Northumberland, Ont.): You should have heard your friends in that group before you joined them.

Mr. GILLIS: I am not talking about that. I am talking of the attack that was made on me personally in the house, and it has been done three times.

Mr. FRASER (Northumberland, Ont.): You are judged by the company you keep.

Mr. DOUGLAS (Weyburn): The company can take care of itself.

Mr. GILLIS: I think I have the floor, Mr. Chairman. I am answering the hon. member for Parry Sound. I hold him responsible for his utterances. I have already demonstrated my desire and willingness to do something for this country in any way that I can and I still have the same feeling I had when I was serving as a young man in the last war. It is all right when you are a grandfather and cannot go yourself to sit back and belittle other people. It is easy to be brave then and urge somebody else to go. I spent my seventeenth birthday in the front line in France fighting for this country, and if I had not been elected as a member of parliament in 1940 I would have been there to-day.

Mr. ROSS (Souris): They probably would not take you.

Mr. GILLIS: Yes, they would. I would have got over there in some way. I say that such talk ill-becomes a man of the standing of the hon. member for Parry Sound, and if he has not anything more to contribute to this house than that kind of cheap political trickery which has nothing at all to do with the matter under discussion—

The CHAIRMAN: Order. The word "trickery" is unparliamentary, and I would ask the hon. member to withdraw it.

Mr. GILLIS: If it is unparliamentary, I will withdraw it, Mr. Chairman, but I still think it is rather cheap to rise in the house and precipitate a discussion and bring out that kind of stuff when everyone in the house is trying to conclude its business. I have sat here three times and taken this talk that was entirely uncalled for, and I rise to-night to correct the impression which the hon. member for Parry Sound persists in trying to create. He tries to play up something that has absolutely no basis in fact; does it for nothing but political advantage, and takes the hon. member for York-Sunbury for his authority. I can take any speech made in this house, and if I wanted to pull a sentence out of its context I could read it into the record and make it appear that the hon. member had said exactly the reverse of what he did. It ill-behooves any member of this house in this time of war to go back fifteen years in the history of Canada and discuss matters on the basis of militarism. I could take the record of all three parties; I could take the Prime Minister's statements in 1937 and just prior to the outbreak of war in 1939 and put on the records the opinions that were held at that time. But conditions change, and it is a wise man who changes his mind once in a while. The fool goes on forever in the one direction. I do not find fault with people for changing their minds on the basis of changed conditions. A country that is flexible enough to change its attitude to suit the growth of new conditions is a healthy country. The only kind of people you find fixed and immovable are those like those you find in Europe who are regimented and have a gun held at their heads to make them toe the line.

I am sorry, Mr. Chairman, that I had to take up this amount of time, but I am not responsible. I intended to let the whole thing go. But it has been done before, and I felt that the time had arrived for me to say something about it.

The question I rose to ask was this. Toward the end of the last session there was a large appropriation before the house for the purpose of setting up in Canada a body of security police, and the Minister of Justice stated at that time that their pay and allowances would be in conformity with the pay and allowances of the armed forces. This police force was not to be uniformed, and someone was to be brought from the old country to organize it. I should like to know what amount of this appropriation is allocated to that branch of the service.

Mr. ST. LAURENT: The security service that was then contemplated was not organized on the original scale. The matter was reconsidered, and it is for that reason that there was allocated out of the war appropriation of last year $1,154,800, of which only $132,682.62 was expended, and for the service on the scale that has been organized and performed in a satisfactory way the amount required this year is $200,000.

There were four or five other questions asked by some hon. members to which I should like to reply, but before doing so I wish to express my own gratification, as the minister responsible for the services of the Royal Canadian Mounted Police, to all hon. members who have spoken and who have paid such a high and well-deserved tribute to the faithful and efficient performance of their duties by the members of this force.

Mr. ROWE: Pass that on to the treasury board.

Mr. ST. LAURENT: The treasury board, of which I am a member and whose meetings I attended when the matter was considered, did to some degree acquiesce in or consent to the requests I submitted, and since the voting of the supplementary estimates at the beginning of this session an increase has been made in the allowances to those veteran guards who are paid out of this war appropriation. There has been some confusion here. These are not estimates required for pay and allowances of regular members of the Royal Canadian Mounted Police. With respect to the Royal Canadian Mounted Police there has been since 1941 an increase in pay and allowances of 30 per cent for the ordinary constables. They were receiving $3.85 a day and are receiving $5 a day. I am not saying that is a sufficient compensation for the valuable services they perform, but one difficulty that has had to be contended with is the ceiling that has been placed on all wages and allowances, and that has been stated as an insuperable difficulty in making any more substantial increases in these allowances. That takes care of the suggestion made by two hon. members, that these

members of the Royal Canadian Mounted Police should receive a cost of living bonus. Instead of receiving a cost of living bonus, there was an increase in the allowances of from $1.60 to $2.25 for the ordinary constables. No increase was made in the allowances of the members of the force who were already receiving as much as $2.25 a day. The superior officers of the force agreed to stay at the rates of their own allowances, provided the ordinary constables were brought to $2.25 a day.

The member for York West has suggested that they are performing work equal to that performed in the United States by the federal bureau of investigation. I fully agree. I believe that all Canadians are proud of the fact that the Royal Canadian Mounted Police is quite as efficient as any similar organization in any other country. However, it must be admitted that throughout the whole of our public service in Canada, for work being performed just as efficiently by Canadians as similar work is performed elsewhere by citizens of other countries, the compensation is not as large.

Mr. ADAMSON: The differential is greater in this case than in most of them.

Mr. ST. LAURENT: I am not sure it is. Members of this House of Commons receive $4,000 as compared with $10,000 received by members of the Congress of the United States, and most members of this house will admit that their devotion to the public service of their country is as great as that of members of the United States congress to theirs. That is one example. Take the work performed by the Chief Justice of Canada and compare what he receives for that work with what is paid to the Chief Justice of the United Kingdom or the Chief Justice of the United States. Take the compensation given to the President of the United States and compare it with the amount that is provided in this country for the Prime Minister, and you will find a substantial discrepancy. Take the work of our supreme court justices, who receive $9,000, while the supreme court justices in the United Kingdom receive £5,000. These are substantial differences. I am not saying it would not be desirable that these differences should disappear, but the whole situation has to be envisaged, and in our public service in this country the amounts of the national income that are given as compensation to those who perform public services are not as large as they are in some other countries.

The hon. member for York West raised a point which I had raised on more than one occasion with the commissioner of the Royal Canadian Mounted Police, namely that it appears strange that members of that force should be performing the duty of guarding public buildings. That arises out of the fact that in 1920 the Royal Canadian Mounted Police absorbed the dominion police force which had been created to perform that service. They took in 150 men who were members of the dominion police, and there are some seventy-five members who are still on the establishment. It may be that it was a mistake to combine the Royal Canadian Mounted Police with the other dominion police force, but the reason is that at that time it was thought it would be preferable to have this dominion police force under the control of the commissioner of the Royal Canadian Mounted Police, and the matter has not been reconsidered since. Up to 1932 former Commissioner Starnes did some special recruiting for this service of guarding public buildings.

Mr. ADAMSON: Has the question been considered whether the departments concerned should perform this task of guarding their buildings? The railways guard their own property and so do the defence departments. Has any consideration been given to that question?

Mr. ST. LAURENT: Not recently. Prior to 1920 there was a dominion police force that performed the service of guarding public buildings. At that time it was thought desirable to amalgamate the two services and place them under the control of the commissioner, and the matter has not been reconsidered since. That is the historical explanation of the fact that members of the Royal Canadian Mounted Police are now performing duties that do not appear to us to be of the importance of the duties with which they are usually connected in the public mind.

The hon. member pointed to a recent prosecution which has been instituted in Toronto as evidence that no political pressure has any effect on these servants of the public, and I am glad to have that recognition. I hope it will be possible always to have the same recognition. There should never be any political pressure affecting in any way the performance of the duties which devolve upon this force.

Mr. GRAYDON: Or any governmental department.

Mr. ST. LAURENT: Or any governmental department; but when it comes to the administration of justice that is a matter with which I am especially concerned and with respect

to which I am particularly cautious that there shall not be even a ground for any suspicion of political intervention.

Mr. GRAYDON: I suggest that the minister spread his caution over the whole governmental field.

Mr. ST. LAURENT: The administration of justice takes in a pretty broad field. I hope it will be possible for hon. members to give the same tribute to the other branches connected with the administration of justice. That is something which, like Caesar's wife, must be above all suspicion.

The question was raised by the hon. member for Lake Centre as to the desirability of there being some agency to coordinate the work of the Royal Canadian Mounted Police, the provincial police and the municipal police. The commissioner, whose experience is quite extensive, informs me that in fact there is more coordination between the various police services in Canada than there is in the United States, and that he is satisfied that the coordination here compares not unfavourably with that between the police forces of the United Kingdom. There is always room for improvement, and the hon. member may be sure that this is a matter which is very close to the heart of the commissioner and receives attentive consideration from him.

The statement of the hon. member for Parry Sound that it is seven years before a man joining the Royal Canadian Mounted Police can obtain any promotion or increase of compensation is not quite accurate. There is an increase in compensation with each year of service, but it requires seven years from the time of enlistment before one becomes a full constable with the maximum pay of the full constable.

Mr. ROWE: What is the maximum pay of a full constable?

Mr. ST. LAURENT: The maximum pay and allowances of a full constable is $5 a day.

Mr. DIEFENBAKER: There is one question with respect to coordination that I should like to ask the minister. I was reading the other day that the assistant commissioner, speaking before the Police Chiefs' Association of Canada, pointed out that there was a need of some coordinating body such as I suggested.

Mr. ST. LAURENT: Yes; but there is improvement and, I think, from the ground up. The Royal Canadian Mounted Police has established a school which is open to all officers of police forces, whether municipal, provincial or federal, and there are members of municipal and provincial forces attending that school.

There will be other opportunities for discussion, when the civil estimates of the Royal Canadian Mounted Police are under consideration, and I feel that perhaps it would not be the temper of the committee to delay this further. If there are matters which I have unintentionally overlooked in my haste to give as many answers as possible, I would be glad to supply them when the civil estimates are under consideration, at some other sitting.

Item agreed to.

Progress reported.

It being ten minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Thursday, July 22, 1943

The house met at eleven o'clock.

REPORTS OF COMMITTEES

RADIO BROADCASTING

Second and final report of special committee on radio broadcasting.—Mr. McCann.

RECONSTRUCTION AND REESTABLISHMENT

Mr. J. T. TURGEON (Cariboo) presented the third report of the special committee on reconstruction and reestablishment and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN ARMY—MECHANICAL AND ELECTRICAL MAINTENANCE IN THE FIELD

Mr. ADAMSON:

1. Have steps been taken by the Canadian army overseas to establish a separate corps, similar to the Royal Electrical and Mechanical Engineers (R.E.M.E.), responsible for all mechanical and electrical maintenance in the field?

2. If so, what steps have been taken in this regard?

3. Upon whose advice?

4. Have similar steps been taken with respect to the Canadian army in Canada?

5. Have the armies of the other British dominions and India formed a separate corps to undertake this engineering and maintenance work?

Mr. MACDONALD (Halifax):

1. A corps of electrical and mechanical engineers has not as yet been formed in the Canadian army. The organization of repair and maintenance services now in effect in the British army consequent upon the formation of the R.E.M.E. has been adopted by the Canadian army. Consideration of the formation of such a separate army unit will await the observations of responsible officers of the Canadian overseas army after experience gained regarding its operation in the British organization. In the meantime, the personnel concerned remain with the Royal Canadian Ordnance Corps.

2. Answered by No. 1.

3. Answered by No. 1.

4. See answer to No. 1.

5. Information available here not sufficiently definite.

FLYING OFFICER GEORGE BEURLING

Mr. COTE:

What steps, if any, have been taken to bring about the transfer from the R.A.F. into the R.C.A.F. of F/O George Beurling, D.S.O., D.F.C., D.F.M., and Bar, a native son and the pride of the city of Verdun, Quebec?

Mr. MACMILLAN: This officer has made application for transfer from R.A.F. to R.C.A.F. Air Ministry have agreed that he may relinquish his commission in the R.A.F.V.R. on appointment to a commission in the R.C.A.F. Effective action to this end is now in process.

WHITEHORSE, YUKON, WATER AND SANITARY CONDITIONS

Mr. MacINNIS:

1. Has the government been advised of a serious water shortage and bad sanitary conditions in Whitehorse, Yukon Territory?

2. Has the government been informed of proposals made by the United States government for the installation of a water and sewage system in the town of Whitehorse, Yukon Territory?

3. If so, has an agreement been reached in the matter?

Mr. CRERAR:

1. Yes. The matter of water supply and sewage disposal for Whitehorse local community is primarily a responsibility of the Yukon territorial council, but in view of defence activities in the area the Dominion government is interested. It is very difficult to determine the future needs of the community on the basis of present emergency conditions, but in the meantime necessary precautions have been taken by the territorial government.

[Mr. Adamson.]

2. Yes. The United States engineers are constructing a water supply and sewage system for their camp. The lines pass through Whitehorse. Provision is being made for connections which the local community may require on the understanding that no extra expense will be borne by United States for this community service.

3. See answers to questions 1 and 2.

UNEMPLOYMENT INSURANCE—NEW BRUNSWICK

Mr. HATFIELD:

1. What has been the amount collected by the unemployment insurance branch in the province of New Brunswick from its inception to date?

2. What has been paid out for relief in said province for the same period?

3. What is the administrative cost per week?

4. What is the number of employees in the New Brunswick branch of the unemployment insurance commission?

Mr. MARTIN:

1. $2,242,864.40.

2. The amount of unemployment insurance benefit paid in New Brunswick totals $48,498.27. No federal relief. Provincial relief paid, if any, unknown.

3. The total administrative expense per week, incurred in the operation of the employment service, including the administration of the national selective service regulations and unemployment insurance in the province of New Brunswick, was $4,849.57 during the fiscal year ending March 31, 1943. Unemployment insurance operations are integrated with those of national selective service and it is impossible to give a separate figure for unemployment insurance cost.

4. 177, of whom 113 in the local offices of the employment service and unemployment insurance branch located in New Brunswick, and 64 in the regional office of the unemployment insurance commission at Moncton for the whole of the maritimes.

For the reasons given in No. 3, it is impossible to state accurately to what extent those employees are engaged in national selective service work.

EUROPEAN POLITICAL REFUGEES

Mr. COLDWELL:

1. Has the government reached any understanding with regard to the provision of asylum for some European political refugees?

2. Has the government made any arrangements regarding the procuring of facilities for the distribution of relief to refugees in Spain and North Africa?

3. Has the government made representations to the French committee of liberation regarding the release of Spanish republicans and members of the anti-fascist international brigade now interned in North Africa?

4. Has the government made any representations regarding the release of Spanish republicans and members of the anti-fascist international brigade now interned in Spain?

Mr. MACKENZIE KING:

1. I stated on July 9 that the dispersion of refugees now in European neutral countries and the reception of those who might hereafter escape from axis territories must be conducted under international auspices. In April last these matters were considered at the meeting in Bermuda between representatives of the United States and United Kingdom governments. The Canadian government has been informed of the recommendations made by that meeting which, for reasons already given, must in most cases be regarded as confidential. It has not been requested as yet to take specific action.

2. It is understood that responsibility for the distribution of relief supplies in North Africa has been assumed by the United States government. Official arrangements for the distribution of relief supplies to refugees in Spain are administered under the direction of the United States and United Kingdom embassies in Madrid.

3. No.

4. No.

PURCHASE OF PROPERTY IN SALTFLEET TOWNSHIP, WENTWORTH COUNTY, ONT.

Mr. McNEVIN:

1. Was any property purchased from Mr. T. J. Mahony in Saltfleet township, county of Wentworth?

2. If so, how many acres were purchased?

3. What price was paid for same?

Mr. CHEVRIER:

1. Yes. It was expropriated on April 21, 1942, and the confirmatory deed was dated May 5, 1942.

2. 27·68 acres.

3. $35,983.67.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CHRISTIE STREET HOSPITAL—PROPOSED ADDITIONAL BUILDINGS

Mr. BRUCE:

1. What are the names of the four medical officers representing the defence services and the Department of Pensions and National Health, respectively, who made a special investigation as to the suitability of Christie Street hospital site for further additional hospital buildings?

2. What position does each of these officers hold in their respective departments?

3. What qualifications has each of these officers to make a comprehensive report upon the whole situation?

4. Did they, in writing or orally, give their reasons for the decision arrived at?

5. If so, what were these reasons?

6. How many sites did they investigate?

7. What were these sites?

8. Did they investigate the Trinity College property on Queen street, Toronto, as a possible suitable site?

9. If so, did they consult the authorities of the city of Toronto as to the possibility of securing it?

10. Did these officers investigate these sites as a group or individually?

11. Did they make a recommendation to the minister in writing to which each appended his signature?

12. Did they all make a verbal recommendation?

13. Did one make a recommendation for the others and, if so, which one?

SELECTIVE SERVICE—COMPULSORY TRANSFER ORDER OF MAY 4, 1943

Mr. FRASER (Peterborough West):

1. How many special directives have been issued by national selective service or the Department of Labour relating to the compulsory transfer order of May 4, 1943?

2. What are the terms and provisions of each of such special directives?

3. What occupations or industries have been given special consideration or exempted from the said compulsory transfer order?

ONTARIO ELECTION

ARRANGEMENTS FOR SOLDIER VOTES

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, before the orders of the day are called I should like to ask a question of the Minister of National Defence, notice of which I have given him. Would he acquaint the house as to the steps being taken by his department, in conjunction with the Ontario authorities, to ensure that the following classes of soldiers will not be disfranchised in the forthcoming provincial election: (a) those in training centres in Ontario who are moved from one centre to another in the province between the dates of enumeration or revision of the lists and polling day; (b) those who will be moved from points in Ontario to points elsewhere in Canada from the date of enumeration or revision of the list until polling day. In the case of the latter class will proxies be given to them prior to their transfer to other points in the dominion? I should also be glad if the minister would inform the house whether proxies have been made available to soldiers who during the past three weeks have been moved from Ontario to other points.

Hon. J. L. RALSTON (Minister of National Defence): I received my hon. friend's questions only five minutes before entering the house to-day, and I have not been able to make definite inquiries with respect to either the first or the third, because they require some examination and investigation. I think I can say, though, that with regard to those in training who are moved from one centre to another in the province, it is not possible to lay down now what procedure will be adopted, because that depends, as the house will see, first, on the number of men to be moved; second, on when they will be moved, whether in the first or the last part of the week, and third, on the distance they will be moved away from the camp in which they have been enumerated. But I can say I am satisfied steps will be taken to see that they are given an opportunity to vote. That is to say, if they are within the province they will exercise their vote, and if without the province they will vote by proxy. With respect to the second question, as to those who will be moved from points in Ontario to points elsewhere in Canada from the date of enumeration or revision of the lists until polling day, and whether or not they will be provided with proxies, the answer is yes. The hon. gentleman asks whether proxies have been made available to soldiers who during the past three weeks have been moved from Ontario to other points. I have not been able to make any particular inquiries in this respect. However, I think I may say that if the proxies were received in the camps and if the instructions were followed, they should have been made available.

Mr. GRAYDON: Will the minister make further inquiry?

Mr. RALSTON: That would mean inquiring at every camp and in regard to every man.

REFERENCE TO STATEMENT OF MR. DREW IN THE "GLOBE AND MAIL" OF JULY 21

On the orders of the day:

Mr. G. T. FULFORD (Leeds): I should like to direct a question to the Minister of National Defence. In view of the statement made in this house yesterday by the minister with regard to certain reserve units in military district No. 3, have any steps been taken to have Mr. Drew retract the reckless and ill-considered statements attributed to him by the Toronto *Globe and Mail* of Wednesday, July 21?

Mr. GRAYDON: Mr. Speaker, on a point of order—

[Mr. Graydon.]

Mr. FULFORD: I shall quote in part—

Mr. GRAYDON: On a point of order—

Mr. FULFORD: I quote:

Gananoque, July 20.—"To-day we see the government—

Some hon. MEMBERS: Order.

Mr. FULFORD:

—"taking another step to cheat the men out of their right to vote," said Mr. Drew.

Mr. GRAYDON: Mr. Speaker, on a point of order, I think the house generally will not wish to have the provincial election brought into the House of Commons.

Mr. MACKENZIE (Vancouver Centre): Who has been doing it?

Mr. FULFORD:

"To-day's ruling that members of the reserve army who are in camp will have no right to vote there is an insult to every member of the reserve army."

Mr. GRAYDON: I do not think we can take these remarks as being anything except political, and we may as well—

Mr. MACKENZIE (Vancouver Centre): You have been doing more of that than we on this side.

Hon. J. L. RALSTON (Minister of National Defence): I am perfectly willing to answer certain questions with regard to the provincial election, and we certainly have heard already considerable discussion in this house which had not very much to do with dominion affairs. Several questions have been asked with respect to the provincial election. No one has objected , and I think they were in the same class as the question just asked by the hon. member for Leeds.

Mr. GRAYDON: I think the Minister of National Defence will realize that the questions which have been put to him with regard to proxies and voting and so on are quite proper questions. At least I so regard them, and I think the minister will also.

Mr. RALSTON: They were about the provincial election.

Mr. GRAYDON: They were about the provincial election, but I would point out to the minister that they concerned his department and were not directed to him with the idea of embarrassing anyone in connection with them. I should like to point out that the kind of statement made here, in which reference is made to one of the prominent men in provincial affairs, is one that is totally uncalled for.

Mr. MACKENZIE (Vancouver Centre): It is a statement he made.

Mr. GRAYDON: It has no precedent so far as previous debate in the house is concerned.

Mr. RALSTON: The hon. member showed me this newspaper paragraph just as I was coming into the chamber, and I could hardly credit that a gentleman in Mr. Drew's position would make such a statement. His statement is a direct reflection upon the department over which I have the honour to preside. It has to do with the matter of depriving the men of the reserve army of their votes. It is exactly on a par with what has already been discussed. I only want to say that nothing has been done, that no communication has been had with Colonel Drew with regard to his statement because I have not regarded it as necessary. Public opinion perhaps will be the best answer in that respect, after the announcement I made yesterday concerning the arrangements which had been made for the reserve army to vote.

It happens that one camp in the whole of Ontario had been fixed for a certain date before the date of the Ontario election was known. There have been screams from several quarters, not in this house, and not by men of the reserve army, to the effect that the Department of National Defence had deprived men who were going to that camp of their votes. I think "disfranchise" was one word used and "iniquitous" was another. It does seem to me, after the statement I made yesterday, that hon. members and the public generally and public men like Mr. Drew might accept the fact that we are doing everything we possibly can to make provision so that these men can vote, even curtailing the camp, as I explained yesterday, in order that they may get home in time. I have not called on Colonel Drew to retract his statement, and I do not propose to do so.

CANADIAN ARMY

QUESTION OF EQUAL PAY FOR MEN AND WOMEN

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I should like to direct a question to the Minister of National Defence. When the war appropriation estimates of the Department of National Defence were being discussed the question of equal pay for men and women in the armed services was raised. The minister promised to give this matter consideration. Has any conclusion been reached, and will the minister be able to make a statement to the house before it adjourns?

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Wednesday, July 21, consideration in committee of a resolution to grant to his majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

Mr. GRAYDON: Before you call an item, Mr. Chairman, I should like to ask a question of the Minister of Finance which has to do with the war appropriation measure. I should like to remind the minister that some time before these resolutions carry I should like to have a statement from him with regard to sugar rationing in the United States and Canada. This matter was raised on a couple of occasions while the resolutions were being discussed. I do not want him to forget to make a statement to the house before these are passed.

DEPARTMENT OF MINES AND RESOURCES

Dominion forest service—Alternative service work camps, $79,000.

National parks bureau—Alternative service work camps, $500,000.

Surveys and engineering branch—Alternative service work camps, $140,600.

Mr. ROSS (Souris): Has the previous item passed? The other evening we were discussing alternative service work camps, and there is a further question I should like to ask in this regard. I understand that about a thousand conscientious objectors were moved from the prairies to British Columbia under some arrangement with the provincial government to do forestry work. The report I have is dated April 21, 1943, and I understand these men were to be paid fifty cents per day for the work they did, while the forestry department was to be paid an allowance of $2.50 per day for their board and keep. Are these people still there under this arrangement?—because it seems to me they could render more essential service at this time if they were back on the prairies. I mean right to-day. They could be employed, for instance, in unloading wheat at the terminal elevators. As I pointed out the other night, there is a shortage of man-power for haying; within a few days the harvest season will be here, and without man-power our farmers cannot take off the large harvest we expect in western Canada. Why cannot the thousand conscientious objectors be returned to the prairies where they could be doing much more essential work in the coming days?

Hon. T. A. CRERAR (Minister of Mines and Resources): The item we are consider-

ing is No. 12, and the question asked by my friend refers I think to a previous item already passed.

Mr. ROSS (Souris): It was under discussion when the committee rose.

Mr. CRERAR: I understood that the item passed at that time, but I have no objection to answering, and this explanation is perhaps necessary. Alternate service is carried on under two different branches of the department. Part of it is under the national parks administration and part under the surveys and engineering branch. The conscientious objectors who were sent to British Columbia over a year ago were sent to do forest protection work. There was a fear, how well justified I cannot say, that incendiary bombs might be dropped on British Columbia forests, as I believe did happen in some of the forests in the Pacific states. It was considered that the protection of the forests against a hazard of that kind was more important than the work that conscientious objectors were doing at that time in the national parks, and they were accordingly sent to British Columbia, to the number of some six or seven hundred.

Mr. ROSS (Souris): I think the arrangement called for one thousand, and that seven hundred were sent out.

Mr. CRERAR: Between six and seven hundred men were ultimately sent. Some of them have been brought back and placed at other work, largely upon farms because in the past year that policy has been adopted. A few more than four hundred of these conscientious objectors are still in British Columbia, and I am advised that they are cutting cordwood for fuel needs next winter.

Mr. DIEFENBAKER: This item permits I think of a discussion of a problem vitally important to the war effort of this nation which arises directly out of an order published to-day in regard to an increase in the price of newsprint. In my opinion the best use is not being made of the services of conscientious objectors in the production of firewood and of pit-props. I would not bring this matter up now were it not that there is no more important factor in the war effort of this nation than the production of pulpwood out of which paper and paper products are made. There is such a shortage of man-power in the production of wood pulp that during the past year one million cords less were produced in Canada than the production required to meet present day needs, the demands of the United States, Great Britain and other countries of the empire.

This matter comes under the department administration by the minister in that one of the branches with which he is concerned is forest products laboratories, to which reference was made the other day. I know the interest of the Minister in the development of our resources and in ensuring that they shall be utilized to the achievement of the greatest possible war effort on the part of this nation. That requires man-power to be properly allocated to the production of pulpwood, which is one of the greatest industries in this country.

I take this matter up at this time because of its transcendent importance in the relationship of the publishers of the United States of America towards the war effort of this dominion. There has been during recent weeks a pronounced antagonism on the part of the American publishers towards the restriction that has taken place in this country in the production of necessary pulpwood. I find this, and I am sure that the minister is aware that it exists, that a feeling is springing up in the United States that we in Canada in raising the price of pulpwood and in not assuring the full production that is needed by the United States are actually trying to take some advantage of the United States, whose main importations of this product come from Canada. This morning the press carried this notification:

> Ottawa, July 21.—The prices board announced to-night that effective next September 1 the ceiling on newsprint in Canada will be raised $4 a ton to conform with an increase of the same amount being put in effect in the United States.
>
> The announcement was made jointly in Ottawa and Washington.
>
> It said that on the basis of cost figures the prices board "is of the opinion that the present proposed increase is inadequate and that further discussions with the American authorities will need to be held."

There was an increase on March 1 of $4 a ton and there is a further increase now of $4 a ton. I sum up the situation as far as the necessity for pulp production in Canada is concerned. Lack of sufficient man-power during last season has resulted in the shortage to which I have already referred of one million cords of pulpwood. Vital war production has been endangered, because paper and pulpwood occupy to-day a position which is unequalled by any other industry in the war effort of the nation. Essential foreign exchange is being sacrificed, and as I have already mentioned, publishers in the United States are becoming antagonized against Canada. This is so important that it requires the very best consideration which the minister and

the other members of the cabinet can give to it. I have before me the American Newspaper Publishers' Association bulletin of July 12, 1943, of which I shall read excerpts to place before the house and the country the serious situation in which we shall find ourselves unless we do something to assure that United States publishers receive from this country supplies of pulpwood necessary for paper production. This is what it says:

Regardless of the facts as they are interpreted to various publishers, it does seem that the matter of price is interwoven with the matter of supply from Canada. The Canadians have stated that they will continue to supply newsprint to the United States at the rate of 210,000 tons per month through the third quarter, but they do not indicate in any way what they will do in the fourth quarter. There have been suggestions that the Canadians will reduce the tonnage going to the United States from 210,000 tons in the fourth quarter regardless of what price prevails.

This is the magazine of the publishers' association, distributed for the information of the papers of the United States, and if this idea is allowed to be broadcast, the value of the work of our war information branch in the United States will be greatly reduced, if not nullified. The bulletin goes on:

On the present basis Canadian mills are delivering 210,000 tons to the United States each month, 16,000 tons to Canadian consumers, and 20,000 tons are provided for overseas, making a total of 246,000 tons.

I particularly direct attention to the next paragraph, which indicates the seriousness of this matter, having regard to the importance of this industry and the necessity of retaining the good feeling of the press of the United States:

There are a considerable number of publishers who recognize that the wood supply is the key to newsprint production in Canada but back of the wood supply is the man-power situation. These publishers feel that if sufficient man-power is provided in Canada there can be a reasonably adequate supply of newsprint, but the supply from Canada will diminish unless Canada takes steps to assure a greater wood cut.

I repeat to the minister how important it is for his department, charged with the administration of the resources of this dominion, that this matter receive the serious attention which I am sure he will give it in order that the possibility of ill-feeling being engendered between these two nations shall be avoided.

While United States publishers recognize that it is Canada's own responsibility to fix her man-power policies and execute her war programme, disquieting reports continue to reach United States publishers about a considerable amount of man-power being taken from cutting wood into army service, but these forces, by Canadian law, cannot be sent overseas except on a volunteer basis. In addition, in Canada agriculture or farming is a basis for deferment from military service but pulpwood cutting is not classified as a basis for deferment from military service. In the United States both pulpwood cutting and agriculture are grounds for deferment from military service.

If the policy is pursued by the Canadians of not taking any special steps to maintain volume because of the man-power situation and the supply of newsprint from Canada to the United States is allowed to dwindle it can be seen that the Canadians will be making frequent and periodical visits to Washington demanding further increases in newsprint prices.

That is a strong condemnation of what these publishers believe Canada is going to do, that is, continue to secure rises in the price while not assuring the necessary production.

After all, the volume of production in any business as in newsprint has an important bearing upon cost. If the price of newsprint is to be maintained at a level which will make it possible for American newspapers to operate without losses and have some assurance and security about their supply of newsprint then there must be clarification soon about what Canada will do in assuring a supply of newsprint commensurate with the needs of American newspapers.

That indicates how serious the matter is—that these publishers in the United States who require Canadian production believe or suggest that in continuing to raise the price without having the necessary man-power to assure the production they require, we are taking advantage of them at this time.

I need not point out to the minister how important the pulpwood industry is to Canada. If a feeling of this kind is allowed to develop among publishers in the United States, the adverse effect on the joint effort of these two nations in the war can well be imagined.

As late as 1940 Canada was producing more than fifty per cent of the world output. Our domestic consumption does not amount to very much, but the United States consumption constitutes the major demand for our pulp forest products. So important, however—I again accentuate this—is the pulp and paper industry in this country that the Dominion Bureau of Statistics has said:

From the standpoint of sustaining balance of trade—

And now, of securing the necessary exchange.

—products of forest origin have been more consistent than any other comparable group of commodities, and in the wood and paper group itself, the pulp and paper industry has become the chief contributor.

Mr. CRERAR: What date is that?

Mr. DIEFENBAKER: That was stated in 1940. I do not wish to delay the committee by putting on the record the figures through the years, but if the minister wants the information I can give it. It indicates that

excepting the non-ferrous smelting and refining industry in 1940 no other industry in this dominion exceeded the gross value of pulp and paper production. When foreign exchange is so important—considering the problem from that angle alone—a very special effort should be made on the part of our country to ensure that this shortage in the production of pulp, which directly affects the supply of newsprint, shall not be permitted to continue.

According to the United States Department of Commerce, forestry branch, the army and navy and essential civilian needs will require this year 15,000,000 tons of paper and pulpwood. It will take two and a quarter million cords of pulpwood to manufacture the paper needed in the United States in 1943 to package food supplies and munitions for overseas shipment, and enormous quantities of pulpwood will be needed for the manufacture of smokeless powder, plastics and many other products that are indicated.

All this adds up to the point I have been endeavouring to make, that with the shortage in man-power which resulted in such a material reduction in production in Canada last year, every available man that can be placed in the industry now should be assigned to it. Recently a survey was made to ascertain the situation and it was found by one of the companies that only 36·9 per cent of the minimum requirements of men were in the bush during the week of July 2. It is impossible to secure the necessary man-power as the situation is to-day. In the United States the production of pulpwood is regarded as of great importance. One of the chief reasons for the reduction in Canadian production has been that while farmers are allowed to go into the woods and work for sixty days in any year, so long as employment does not interfere with agricultural production, during the past few months there has been a grave fear among farmers—the proportion being two in the province of Quebec to one in Ontario—who ordinarily go into the bush during the winter to look after the cutting, that they will lose their rights to postponement by so doing, and the result is that they stay at home during the winter or other slack season. The situation will become even more serious unless action is taken immediately to put men to work in the woods. Entirely apart from the regular demand for wood fibre, the demand is increasing in war production, and as shipping space becomes freer, more paper will be needed for export, even though Britain to-day is reduced to 20 per cent of the pre-war level. Already the allied nations are piling up reserves of paper to send to the countries that are at present occupied, looking to the time when they will be relieved of the axis invaders and occupants, so as to make the free publication of world news possible in order to benefit the people of those countries by restoring them a free press.

[Mr. Diefenbaker.]

It is essential to the war effort that the United States, Britain and the other countries I have mentioned should have sufficient paper to print the news to strengthen public morale. Five thousand tons of newsprint were recently shipped from Canada to the near east and North Africa for the very purpose I have mentioned. First, we must not lose this valuable trade by our failure to make the necessary man-power available for the purpose, even though it is part-time work and agricultural workers are freed for the purpose. Second, we must look ahead to the post-war period so that this industry shall not be permitted to fall into the position where the United States, our main customer, taking 71 per cent of our production, may turn to other methods in order to supply those needs now filled by pulpwood. More important than anything else—and it is on this basis that I make this appeal—we must not allow American publishers and the American newspaper association to get the idea that we in Canada are trying to take advantage of them in the matter of price. If we do, we may have an adverse press in the United States, and a press that is adverse in the slightest degree, a press that adopts an attitude antagonistic to Canada's war effort, resulting in a tendency to separate us one from the other in our united effort and to arouse suspicions between nations engaged in the common crusade, should be averted no matter what course must be taken in order to avoid it.

I appreciate the opportunity which the committee has given me to place this matter before hon. members in this sketchy manner. I have not desired to take up time with statistics, but I press the point strongly. We must not, we dare not, allow the attitude that is set forth in that publishers' association pamphlet to become general. There is only one way to avoid it, and that is by a proper allocation of necessary man-power. The attitude of American publishers is important to the war effort of this dominion. It is more important than we here can estimate. This is a matter that deserves, I submit, the most serious consideration of the minister and of the government. Once lost, the favour of the American publishers, their appreciation of what we are doing in Canada, will be very hard to regain.

Mr. CHURCH: I am glad to see an awakened interest in the lands, forests and parks branch of the department. For the past five or six years we have not been giving sufficient attention to all that is involved in this item. When these matters came up on previous occasions there was little discussion. There was little more than ten or fifteen minutes of discussion last session on the whole item. May I point out a grave mistake which the government may make in regard to this very important asset. I refer to the natural resources of the north-west territories as far as the Yukon.

The government must consider seriously the activities that are taking place in the great development now under way in that country as a result of the work on the Alaska highway. A large number of Americans have come there and they are interested in the project from the military standpoint, but there is also the post-war importance of the matter to be considered. Our soldiers are now overseas and this territory will be in the future one of the greatest sources of employment and development in Canada. Many of our young soldiers are graduates of our universities in electrical engineering and in various other branches of that great profession. A great many of the young men who are now in Sicily and Africa used to go into this territory in the summer when they were students. The government must not be unmindful of the importance of this to our engineering graduates in the days to come. In dealing with these properties they must not lose sight of that.

In my opinion these various branches of the lands, forests and parks branch of this department will be of great service to Canada, or at any rate they can be made of great service to Canada after the war. Do not forget that these great natural resources of all kinds are going to be a great source of employment for our soldiers after this war; and above all, do not make the mistake that was made in Ontario with the natural resources of that province. From the Ottawa river right through Nipigon, some years ago, financial men came from New York and other places and grabbed the whole territory, the timber, water powers, mines, forests and great natural resources of new Ontario, with the result that valuable resources of various kinds there went for a song. Our mines and their wealth and everything else were underwritten and have been given away for a song, and now we are going to make the same fatal mistake in these great western areas if we are not careful, in regard to the north-west territories and the Yukon. Canada is not going to be any land of milk and honey after the war is over; it is not going to be an easy place in which to live. Those hon. members who wish to do so may go home; this opposition does not consist of only one or two or three hon. members, as a section of the press apparently thinks. There are others here who have taken part in these debates on this item last year all alone, when no one else would do so. This is going to be a desperately poor country after the war. As I say, our natural resources have been given away and frittered away at a rapid rate; you have only to look at the export figures in regard to lumber, timber, mines and pulpwood and everything else which the axis powers have bought to make munitions to be used against our own men, to see how this is done. I say no part of the public domain, whether it is the timber, the soil or the minerals, should be given away in any haphazard way. It is all very well for people to come here from other countries and help develop our resources and water powers, to supply capital and all that sort of thing; our policy in that regard, has been commendable all along the line, but the government should be very careful in what it does with the great assets we have in our natural resources, and use them to develop Canada and aid our empire.

I am surprised at some of the things that have been done this session in the name of the war, things which are not relevant to the war at all. It seems to me the work of this whole department is devoted to only one part of Canada and that Ontario has been given little or nothing in national parks, forests or aid in streams, as was shown last year in the debate on this very item. We are forgotten year after year on this item. In the way this matter has been dealt with by order in council, private negotiations and private contracts over the head of parliament I see signs of the same mistake that was made in new Ontario. I agree with the policy of permitting those with capital to help develop this or any other territory. I do not agree with the policy of giving away our resources, nor do I agree with the way we have surrendered our sovereignty unregulated, to Americans, in this area. We are supposed to be a nation with status dreams, but I have been surprised at what has gone on in this department in connection with the giving away of property secretly, and by order in council, over the head of parliament to those who do not belong to this country. Money is needed and capital everywhere for development, but there is no real protection in giving away the sovereignty of the people of Canada

in regard to this property. I wish the minister every success in his work; ever since I have been a member of the house I have endeavoured to help him by offering constructive criticisms, but I point out that these are our richest assets and they should not be further squandered in such a way. After the war all we will have left to fall back upon will be our natural resources, and in future we will have to be very careful to have no more barter or sale or squandering of those resources as we have had in the past.

Mr. CRERAR: The hon. member for Lake Centre expressed some concern over a possible shortage of newsprint, and I think, by inference at any rate, argued that the men employed under this vote should be sent to cut pulpwood rather than pit-props and cordwood. I think that is a fair inference to take from his remarks.

Mr. GRAYDON: I do not think he said that in so many words, did he?

Mr. CRERAR: No, but the hon. member made reference to pit-props and cordwood and urged the importance of maintaining supplies of pulpwood; I think that is a fair statement. I do not take nearly as dark a view as my hon. friend does of the effect on American opinion of any shortage that may arise in connection with supplies of newsprint. I am aware that some agitation has been carried on in this connection by a few newspapers in the United States, but I think the great majority of newspapers in that country recognize the realities of the situation. I have not noticed, and I doubt if my hon. friend has noticed, any serious reduction in the size of newspapers published either in Canada or in the United States. In Great Britain, almost from the early days of the war, the newspapers were reduced in size by more than a half; some of them, I believe, carry only about a quarter of the news and views they carried formerly. After all, it is a question of man-power. You cannot put your hand in a hat and pull out man-power for coal mines, for transporting grain, to which the Minister of Trade and Commerce referred the other evening; for base metal mines, for the army, for the air force, for the navy and for all the multitude of things that require man-power to-day, including agriculture. There is no magic in getting these men.

Mr. GRAYDON: But there might be a good plan.

Mr. CRERAR: Well, hon. gentlemen opposite have talked about plans last year and this year, but so far as I am aware they have not at any time suggested any plan which might be adopted by the government. I can tell my hon. friend that if he can produce a plan it will receive the earnest consideration of the government.

Mr. GRAYDON: We did not suggest any magic.

Mr. CRERAR: There has been a great deal of criticism. I do not object to that, but there have been no constructive suggestions as to how the problem might be solved.

Mr. GRAYDON: My hon. friend has not been listening very closely to the debates, or he would not say that.

Mr. CRERAR: I suggest that the leader of the opposition read again his speeches and those of the members of his party, and see what he can extract from them in the way of constructive criticism. The other evening, on another vote, the hon. member for Lake Centre I thought argued that we should not keep these men at forestry work, and moved that the item be reduced to $1. He argued at that time, if I remember correctly, that there was a great scarcity of agricultural labour, and that these people should be sent to work on the farms. To-day the hon. gentleman comes forward with another suggestion, that they should be taken from the work of cutting pit-props and cordwood and put to work cutting pulpwood. Well, I recognize the need for pulpwood, but I think it is far more important to ensure, as far as we can, adequate supplies of fuel for our people next winter. I think that is more important than putting men, who might be doing that work, at the job of cutting pulpwood so that the size of newspapers may be maintained, and I think that would be the judgment of the country.

Under this vote I think I might make this explanation. The Department of Mines and Resources does not allocate these men. That is done now by the Department of Labour, under national selective service. When the problem with respect to conscientious objectors arose much earlier it was recognized, and I believe public opinion supported this view, that they should be put at useful work. Some of them were put to work in the parks. Others were put to work in building a section of the trans-Canada highway, in northern Ontario. That is connected with one of the votes we are now considering. They were given various tasks of that kind. But as the situation developed they were transferred from this work, much of which was considered not particularly essential, and put at more essen-

tial work. A year ago they were sent to British Columbia for the purpose of building roads, lookout stations, and the general development of the fire protection service in the forests of British Columbia. Lately they have been sent to agricultural labour. Some of them, particularly in western Alberta, have been cutting pit-props for use in the mines. Generally speaking they have been doing useful work of that kind.

We were asked by the Department of Labour, and prior to that by the Department of National War Services, to supervise the work of a number of these men. So far as this vote was concerned, that was put under our surveys and engineering branch, and they were put to work building part of a section of the trans-Canada highway in northern Ontario. There were 202 engaged in that work at the end of February. That number has dwindled to practically nothing. I note here that 96 have been sent to the neighbourhood of Elmira, Ontario, for agricultural work, and 77 to the Chatham district. So that today there are no conscientious objectors engaged in road construction in northern Ontario. They have been sent to other work, in agriculture. That is the policy which has been followed generally.

It is quite possible that next winter we may have to provide work for a number of these conscientious objectors. Probably they will be employed in the cutting of cordwood, or whatever other useful work they can do. But I doubt if parliament would get much support from the country if we were to say that the cutting of pulpwood to maintain ordinary supplies of newsprint was more important than, for instance, getting out fuel, and that sort of thing.

The hon. member also made reference to the need for foreign exchange, and read an extract published by the bureau of statistics in 1940. There is no question that in 1940, particularly the early part of it, our exchange situation *vis-à-vis* the United States was one that gave some concern. But that picture has changed altogether and, as my hon. friend probably knows, for the last year or more the exchange problem with the United States has not given the government any worry at all. Indeed there was a time when we thought we were accumulating too much American exchange in Canada. I believe that was the result, largely, of war orders placed by the United States with Canadian factories. The work these conscientious objectors are now doing on farms in Ontario and elsewhere is of first importance.

Mr. DIEFENBAKER: No one has suggested that the men should not be utilized for the purpose of getting out firewood, or that that was not an important piece of work. I have referred to the expenditure in connection with conscientious objectors, and it is one which runs into a tremendous amount of money. I would ask the minister this simple question: How many cords of wood did conscientious objectors get out in the last year? An answer to that question would tell whether or not this expenditure, running around a quarter of a million dollars, has been justified.

Mr. CRERAR: I cannot answer the hon. member's question offhand. I know that as to conscientious objectors under the direction of the Department of Mines and Resources we could get that information. I believe I am correct in saying, however, that there has been a considerable amount of cordwood cut in some of the national parks, for use next winter. However, if the hon. member wants the information I believe I can get an estimate for him.

Mr. ADAMSON: The minister said this party had made no suggestions. I shall make one, in connection with this item for the cutting of wood. The first suggestion I make is that the government remove that part of the National Resources Mobilization Act limiting service to the western hemisphere. I do that for this reason. We are bound to see a further reduction—and in my opinion the reduction has not yet started—in the size of newspapers. As the man-power situation gets tighter, and it is bound to get tighter, we are going to see all our newspapers, particularly the big revenue-producing papers, like the Toronto *Star Weekly,* and the Sunday editions of American papers, greatly curtailed because of a lack of newsprint. That is inevitable; I do not see how it can be avoided. It is like the invasion of Europe; it is one of the things which in my view is bound to happen. We need our pulpwood for direct war purposes. We need our cellulose for explosives. We are faced, as I see it with the problem of having to say to the American publishers, "I am sorry; we cannot supply you with newsprint." Then the American publishers will say to us, "Why have you a home defence army?" They will say, "You could supply us with newsprint if you did not have that army."

The CHAIRMAN: If I may be allowed to interject, the hon. member for Lake Centre thanked the committee for allowing him to make his statement this morning. I do not believe this discussion is in order. The man-power question was dealt with several times in the present session, and if the hon. member wishes to speak on that subject he will have an opportunity when we get into supply. I am sure the Minister of Mines and Resources cannot answer some of the questions put to him at the present time.

Mr. ADAMSON: I am simply answering the Minister of Mines and Resources, who said that no suggestions with regard to man-power had been made from this side of the house. At this time, with a market for every ton of newsprint for advertising purposes, a market more profitable than ever existed before, in my opinion we in Canada are in an inferior position, an intolerable position, with regard to American journals, unless we can say, "We cannot supply you with this newsprint because every individual is doing his utmost, under the same conditions as your men are, to win the war." That is my suggestion and that is all I have to say to the minister.

Mr. DOUGLAS (Weyburn): Could the minister give us some information with regard to this particular item? First, I should like the total number of men in these alternative service camps. I understand him to say that there were still 400 in British Columbia, but I should like to have the total for all Canada. Next, I should like to know if any of the men in these camps are doing work other than that of taking out fuel wood and cutting pit-props. I have in mind particularly whether any work is still being carried on in the national parks. In the correspondence I have had with the men in these camps there is no complaint that they are working too hard; there is no objection to that, but that they feel they are doing non-essential work. I have in mind that they are engaged, I believe, in putting in ski jumps or something of the sort in Banff national park, and in building roads in Prince Albert national park to attract tourist traffic. I agree with the minister that that sort of work is not very essential, and I think the committee will agree generally that these men should be doing more essential work.

I should like some information with respect to the wages and maintenance costs of these men. I understood the hon. member for Souris (Mr. Ross) to say he was under the impression that the men were getting 50 cents a day as pay and $2.50 as maintenance. I could hardly credit that, and I should like a statement from the minister. An amount of $2.50 a day seems amazing for maintenance only, as the army is able to maintain men for $1 or less per day. The lumber companies call for tenders for the board and lodging of their men, and it is usually recognized that this can be done for $1 or $1.25 a day. I think it is a disgrace that we should pay a man only 50 cents a day and then expect him to buy clothing, work gloves, work shoes, overalls and things of the kind which are necessary for this sort of work. If these men are doing a proper day's work, and I assume they are—the government ought to see to it that they do a day's work—they should be paid more than 50 cents a day. If they are working in the field or in the lumber camps or for private concerns they would get much better pay than that. I do not want to see these men coddled, but I do want to see them given fair pay for a fair day's work and not be penalized because of any particular views they may hold.

Mr. CRERAR: My latest figures are for May 31. I wish to make it clear that these are men in the lands, parks and forest branch of the Department of Mines and Resources. On May 31 there were 106 at Banff, 56 at Jasper and 82 at Kootenay. I think I am correct in saying that these men were mainly engaged in the cutting of pit-props and cordwood, although there was one lumbering operation, and of course lumber is a scarce commodity. In Prince Albert there were 11, and in Riding Mountain there were 35. I think the 35 men in Riding Mountain park were all engaged in cutting cordwood. Their remuneration is 50 cents per day, and there is an allowance of 56 cents a day for provisions, which I assume would cover board and lodging. There is an allowance of 6 cents a day for medical and dental services, and 71 cents a day for administration expenses, including supervision of camps and personnel and also repair of equipment and purchase of materials and supplies other than provisions, which would cover axes, saws and that sort of thing. For the period under review the total cost per man was $1.83 per day. Mr. Chairman, which item are we considering?

The CHAIRMAN: We are taking together the three items covering alternative service work camps.

Mr. CRERAR: A moment ago I gave the number of the men in the surveys and engineering branch. The number of men employed on road work in northern Ontario as at February 28 was 202. I think almost without exception these men have all been absorbed into agricultural labour; instead of working on the roads in northern Ontario, they are working on farms. They receive the same wages, 50 cents a day plus their keep. I have not the board and lodging expenses in this case. The straw boss, I assume, the man who looks after a group, also a conscientious objector, is paid 75 cents a day.

Mr. DOUGLAS (Weyburn): Am I to take it from the minister's remarks that all these men are either cutting pit-props or cordwood?

[The Chairman.]

Mr. CRERAR: I think that is correct. There may be some lumbering operations going on in one of the western parks.

Mr. DOUGLAS (Weyburn): How is the cordwood disposed of? Is it sold to private companies for resale to the public, or does the government use it?

Mr. CRERAR: According to my information the cordwood is sold to municipalities and others under tender.

Mr. DOUGLAS (Weyburn): The minister did not answer the question I asked with respect to the wages paid these men. I do not know where you could hire labour in Canada for 50 cents a day. If these men are just out on a picnic, not doing much work, the government may feel that 50 cents a day is all right, but I cannot imagine that the government would go to the trouble of setting up these camps without seeing that they got a good day's work from the men. It seems to me that if we are facing up to the situation and saying to these men, "You must do some service for the state," a fair remuneration should be paid. If a man has certain views which he feels preclude him from doing military service, he ought to do some kind of service but he ought not to be penalized. We have no right to say to a man, "Under our constitution you have the right to hold certain views, but we reserve the right to punish you for having those views." If we are going to say to a man that he has a right to alternative service, then we have a responsibility to see that he is properly paid for that service.

When I was in Toronto some weeks ago I came across the case of a man who was a Quaker, a member of the Society of Friends. As the minister knows, for centuries these people have been averse to bearing arms. This man was married and he was to be sent to an alternative service camp and paid 50 cents a day. He had a family, and he just did not know what to do. In a case like that the government would be justified in paying a dependents' allowance to the man's wife. Does the government do that, and if not, why not? On what basis is this 50 cents a day being paid as a wage for the kind of work these men are doing?

Mr. CRERAR: This 50 cents a day remuneration was decided upon when the administration of the conscientious objectors was under the Department of National War Services. When these men are called up, if they are able to make a case for themselves as conscientious objectors they are allowed to do alternative service work, as it is described in this vote. It is one of these matters in which public opinion has an important bearing. If a young fellow proves to the tribunal that he is a conscientious objector and then you said to him, "You go and work on this job at $5 a day" there would be a great deal of criticism from the public. It is a question of arriving at what is fair and reasonable. I cannot say definitely whether conscientious objectors who are working on the farm get higher pay than those who are working on government jobs, because, I repeat, the Department of Mines and Resources is simply the agent of another department of the government in supervising the work of a number of these men. When they leave us to go to agricultural labour we have no further supervision over them, and I cannot tell my hon. friend what scale of wages they receive when they are put at other work.

Mr. DOUGLAS (Weyburn): I am not going to press the point, because I agree with the minister that conscientious objectors come under other departments. But he is an important member of the government, and I would ask him to use what influence he has with the other ministers who are responsible for administering these camps, because it looks to me like a piece of refined persecution to pay men 50 cents a day on this class of work. I agree that there would be a terriffic outcry from the public if you paid them $5 a day, but there is a happy medium. These men could be paid the equivalent of what is paid to men working in the bush, and they should be paid enough at least to pay for their clothing. When talking with some of them I have been told that it takes a lot of overalls and work clothes to do the kind of work they are doing. They should be paid enough so that they will not feel they are being imposed on because of their beliefs. I would ask the minister to consider seriously making some provision for the families of any of these men who are married, because certainly their families should not suffer because they hold a particular point of view.

Items agreed to.

Surveys and engineering branch—Prince Rupert-Terrace-Cedarvale highway, $5,000,000.

Mr. MacINNIS: Is this $5,000,000 the expenditure for this year, and what was the expenditure last year on the road, if any? Who are the contractors, and on what basis is the work being done? What kind of contract is it?

Mr. CRERAR: The work was undertaken on the recommendation of the Canada-United States joint defence board when there was great urgency to get this work done. A reconnaissance survey was made by engineers

of the surveys and engineering branch of the Department of Mines and Resources. Then firms were asked to tender. As I recall it, there was no public advertisement inviting firms to tender, but all the large contracting firms in Canada were invited to tender, and the basis on which they were invited to tender was unit prices, so much per cubic yard for removing earth, so much per cubic yard for removing rock, and so forth. The work was broken down into various classifications upon which they would tender. Some eight or ten firms tendered. The work was divided into eight sections of from eleven to eighteen miles each, and competitive tenders were received from at least two contractors for each section.

The surveys and engineering branch had a considerable amount of data in their records as to the costs of road construction in country similar to the Prince Rupert-Terrace country. For instance, several years ago we built the Big Bend highway in British Columbia, and later built a road between Jasper and Banff. So that there was a great deal of information in the department to serve as a guide to what fair costs would be. That information was brought up to date so far as possible by ascertaining the costs of clearing airfields where similar work had to be done.

The tenders were received and the work was started about the middle of June, 1942. It was hoped that it could be completed by the end of last year, but the contractor ran into very considerable difficulty. There was difficulty, for instance, in keeping labour on the work. The wages paid were set by the war labour board, but there was competition for labour, as hon. members know. I think the member for Vancouver East is aware that extensive work was being carried on by the United States authorities in northwestern Canada and that it took some time to get labour difficulties ironed out. For one reason it was difficult, even after wages were set by the war labour board, to hold men on the work. In addition, there were serious difficulties in carrying on the work in autumn and winter because of rain and snow. Moreover, a section of the road runs very close to the railway. At any rate, for a variety of reasons of which I have given a few, the work did not make the progress which it was anticipated it would make. Last year there was spent on the highway $2,964,000, that is, for the fiscal year to March 31. The vote we are asking for now, it is expected, will complete it.

I should like to emphasize how difficult it is, under all the fortuitous conditions which exist, to make estimates that are accurate. I asked the director of the surveys and engineering branch, "Do you feel pretty certain that the vote asked for here will complete this work?" He said, "Yes, I think it will, but conditions may arise which will vary it; it might be 10 per cent under or 10 per cent over." But I would hesitate to give even that figure to the committee as a final figure. All I can say is that in the face of very great difficulties the work has progressed and it is expected that some time this autumn the road will be open for, at any rate, fairly light vehicles.

Mr. MacINNIS: I hope the minister will understand that I am not criticizing at all at the moment; I am trying to get information.

Mr. CRERAR: Quite

Mr. MacINNIS: I realize that there was great urgency for the road in this particular area, after Pearl Harbor. The communications between Prince Rupert and the country to the east might, under the conditions which prevailed, have been closed altogether. However, the minister did not tell me who the successful contractors were in the first instance, and if these same contractors are carrying on at the present time.

Mr. CRERAR: I should mention that many of these contractors had to be secured in eastern Canada. Contracts were awarded as follows: section 1, to E. J. Ryan Construction Company Limited, Vancouver; section 2, Rayner Construction, Limited, Leaside, Ontario; section 3, Tomlinson Construction Company Limited, Toronto, Ontario—who have also an office in western Canada; section 4, Standard Paving, Limited, Toronto, Ontario; section 5, MacNamara Construction Company Limited, Leaside, Ontario; section 6, Dufferin Paving Company Limited, Toronto, Ontario; section 7, General Construction Company Limited, Vancouver, B.C.; section 8, E. J. Ryan Construction Company Limited, Vancouver, B.C. Ryans tendered and got two sections.

In regard to the other question asked by my hon. friend: some of the contractors have not been able to complete their contracts. In one or two cases they have given up the contract and it has been taken on for their particular section by one of the other firms, and in one instance, by another firm, the Northern Construction company and W. J. Stewart Limited. I am not certain where their head office is, but I think it is in Vancouver.

Mr. STIRLING: Was the Ryan company one of those who gave up the contract and whose contract was taken over by another firm?

Mr. CRERAR: Yes, the Ryan company was one of those. I do not know whether it was the only one or not. It had two sections, and arrangements had to be made, I believe, on both.

Mr. MacINNIS: I understand that after the Ryan company gave up the work, I think for financial reasons, two companies, possibly interlocking companies, known as the Highway Construction Limited and the I. C. Construction Company Limited of Vancouver took over the contract; but I understand that later the contract was sublet to a United States company, the Murphy Company of Washington or Oregon. Has the minister information on that point?

Mr. CRERAR: No, we have no knowledge to that effect.

Mr. MacNICOL: I understand now that approximately $2,900,000 has already been spent—

Mr. CRERAR: Up to March 31 last.

Mr. MacNICOL: —and another five million dollars is asked for to complete the work. A year ago, if I recollect aright, we were told that the whole of the work would cost approximately $5,000,000; so that it is running much more than was anticipated.

Mr. CRERAR: That is correct. I repeat what I said a moment ago, that when the work was undertaken it was impossible—

Mr. MacNICOL: Oh, the difficulties were immense.

Mr. CRERAR: —to give anything in the nature of a detailed estimate. Sometimes engineers are optimistic as to the costs of works undertaken.

Mr. MacNICOL: They like to get the work started.

Mr. CRERAR: Well, I will leave that observation to my hon. friend. At any rate the difficulties were almost insuperable, and it is not surprising to me that the actual cost will be substantially higher than the estimated cost. But it was represented that the work was necessary and urgent, and we tried to meet those conditions.

Mr. MacNICOL: I am not opposing it; I think it is essential work; I am glad it is going on, and I hope that when it is completed the minister will try to organize the continuation of the road through the mountains so that there will be some connection between east of the Rocky mountains and the coast through northern British Columbia. It passes my comprehension that at present there is no way of getting through from east of the Rocky mountains in the Peace river area to the coast by road or by rail direct.

Mr. MacINNIS: The minister said that sometimes engineers are optimistic. I have always found engineers very conservative, but I also found contractors, when government money was concerned, extremely reckless.

Mr. CRERAR: The estimates of cost which we gave a year ago were based on information supplied by engineers. I do not criticize the engineers for that.

Mr. MacINNIS: I am not criticizing them.

Mr. CRERAR: I made clear at that time the difficulty of making precise estimates of cost, because we were going into an uncharted sea, so to speak, and the work had to be pushed with the greatest speed. Had it taken five years to do it, the cost would have been substantially reduced.

Item agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Employment of persons of the Japanese race and/or Japanese nationals, $2,200,000.

Mr. STIRLING: One piece of employment that comes under this item is the work on the Hope-Princeton road in British Columbia. That is a road the completion of which has been greatly desired for many a long day. At the Hope end the royal engineers sent out in 1862 from Chatham to New Westminster began the making of the road, but there has not been communication through. From the Princeton end spasmodic work has been carried on for many years, and now a road of sorts exists from one end for about fifty miles. There is a gap then of about ten miles through which there is not even a trail. The Japanese have been used in gangs to further this work, and at the Princeton end they have done a certain amount of valuable work in renovating the road as they found it and putting it in usable condition. A party of business men from Princeton recently made a trip all the way from Princeton to Hope and have reported on what they saw. They realize, as I do, and as everyone does, that to provide road machinery at a time like this is no easy matter. The provincial government has supplied some, but it is pretty old machinery and is forever breaking down. Still, progress has been made at the Princeton end. But when they clambered through the gap and came out on the

road which ends in Hope they found that the work which the Japanese gangs were supposed to be doing was, to put it mildly, going extremely slowly. Can the minister give the committee any information with regard to the amount of work which it is hoped will be available from these gangs of Japanese labourers, and whether it is possible to hasten progress at the western end?

Mr. REID: Serious allegations have been made regarding the conduct of the men in Tashme camp. As pointed out by the hon. member who has just spoken, a group of board of trade members, hearing reports of what was going on in regard to the work done by the Japanese, made a tour from Vancouver, Chilliwack and other points to investigate the matter fully. There were quite a number in the party and this is what they saw. I quote:

> Out of 800 males in the camp . . . not more than 100 are working at any one time on the completion of the Hope-Princeton road from the coast end.
>
> "The Japs were sitting on the side of the road. They all scrambled to their feet when they saw a car approaching. There should be at least a good foreman bossing each gang," reported Frank Hall at the dinner meeting here in Chilliwack.
>
> Speaking of the Tashme camp, Earl Brett declared: "Men were hanging around the corners in town. On the road there was nobody bossing the job. Every gang was sitting down."
>
> "We only saw one truck actually working," Mr. Hall added. "We saw one shovel in action. That was all the road building in operation."

They give credit to the workers on the other end of the highway where they say good work is being done by the Japanese. As regards the work done at this end of the highway, the men at Tashme camp are having a sit-down strike. In view of the large appropriation, $2,200,000, I think, a full statement should be made as to what these men are paid and how the work is carried on. Not long ago we passed an estimate of $500,000 to provide wages for Japanese to cut wood. About fifty per cent of the Japanese have been removed from British Columbia. In other words we have a total of $2,700,000 for wages for a relatively small number of men. We are entitled therefore to know how these men are paid, what control is kept over the Japanese, and what truth there is in this story, and in the story which has been given publicity in Vancouver and Fraser Valley that only one hundred men out of eight hundred are working and that these Japanese are hanging around the towns with no one in charge. It is a serious allegation, and the committee is entitled to a full explanation.

[Mr. Stirling.]

Mr. CRERAR: When was that report made?

Mr. REID: July 9.

Mr. CRERAR: I think there must be some error in the report. As at July 3, 1943, there were 123 Japanese employed on the Hope end of the Hope-Princeton road and 164 on the Princeton end, or a total of 287 Japanese at work at that time. So that the report that there were 800 working is not correct.

Mr. REID: I did not say that. The report is that out of 800 men only 100 were employed at one time.

Mr. CRERAR: I do not know about that. Better progress has been made at Princeton than at the other end. At present 73 miles of road are passable, with some 16 miles yet to be completed. Some preliminary work has been done on this 16 miles. It is hoped that this gap can be brought into fair condition this season. In regard to the wages paid the Japanese, the following classes receive the amounts indicated: Labourers, 25 cents an hour; labour and first-aid men, 30 cents an hour; straw boss, 30 cents an hour; axe men, 30 cents an hour; blacksmiths, 30 cents an hour; driller by hand, 30 cents an hour; carpenters, 35 cents an hour. Cooks receive from $50 to $60 a month with subsistence, depending on the number of men in the camp. The men are charged 75 cents a day for meals and living quarters and $1 a month for medical attention. The 75 cents would have to be deducted from their daily earnings.

Mr. REID: How many men are to be employed? The appropriation is rather large.

Mr. CRERAR: Last year the expenditures to March 31 for administration here and in the field was a little over $8,000. There was spent on the Hope-Princeton road $358,000. I have not the break-down to show how much was spent on each end of the road, but that was the total on the project. There were several other projects in British Columbia. There were the Yellowhead-Blue River road and the Revelstoke-Sicamous road, and a number of these Japanese were taken to northern Ontario to do work in the Schreiber district. The total number employed in all these projects in British Columbia and Ontario on June 5 was 827.

Mr. REID: I still say that the appropriation is a large one, $2,200,000 for roughly one thousand men.

Mr. CRERAR: There has been a general reduction in the number of Japanese employed on these projects. Some of them have gone to

logging camps or lumbering operations, and I believe an additional number, though I am not certain of this, were taken to Manitoba to work in the sugar beet fields. At any rate that was the number employed on all these projects as of June 5.

As to the other point raised by the hon. member for New Westminster, quite frankly I do not think we can get out of these Japanese, with the conditions under which they are working, the amount of work they should do. There is no doubt there are certain difficulties in reaching that objective, and those difficulties are rather hard to contend with. Ordinarily, when you have labour employed on a road project, if the men are malingering on the job you very quickly dispense with their services. But we cannot dispense with the services of the Japanese because they are not there primarily to build roads; they are there under a form of detention, and under those circumstances we just have to make the best of it. Taking the projects as a whole I think there has been a reasonable amount of satisfactory work done.

Mr. REID: What provision is made for the keep of those in camps who do not work, do they keep themselves? There are numbers in the camps who are not working. Do they provide for themselves, or are they paid so much for cutting wood and doing chores around their own camps?

Mr. CRERAR: If they do not work they are not paid. They have to be provided with food, and their living conditions have to be up to a certain standard. As I recall now, on a few occasions the Japanese protecting power in Canada, which I believe is Spain, has made an examination of the conditions in these camps for report back to the Japanese government. Quite properly we have to maintain as far as possible the provisions of international conventions dealing with matters of this kind.

Mr. STIRLING: It is obvious that there is no use paying them money if they do not work.

Mr. CRERAR: No.

Item agreed to.

Assistance to national advisory committee for children from overseas, to supplement funds the committee has obtained by public appeal, $75,000.

Mr. GRAYDON: Are any children still coming to this country from Britain under the government-sponsored scheme which was in operation some time ago?

Mr. CRERAR: No, there have been no children come under the sponsored scheme since the summer of 1940. Some 1,500 children came out under that scheme, in addition to several thousand who came to Canada under private arrangements. Just here I should like to pay a tribute to the Oddfellows of Canada and other private organizations and individuals which have subscribed generously for the maintenance of these children. From these sources over $52,000 has come to the department, of which $30,800 came from the Oddfellows. Not long ago I had the pleasure of having handed to me by the hon. member for Lincoln, the grand treasurer of the order, a cheque for $7,500, as I recall it, which was the third or fourth contribution made to this cause by the Oddfellows. It is a pleasure to pay this tribute to the very fine interest the Oddfellows, particularly in Ontario, have manifested in the welfare of these children.

Mr. GRAYDON: It is a well-deserved tribute.

Mr. CRERAR: Yes.

Item agreed to.

To provide single minimum cost of transportation, ocean and rail, of wives and dependents of members of the Canadian forces overseas, $100,000.

Mr. GRAYDON: Under what circumstances is this money expended, and who are entitled to come under this vote?

Mr. CRERAR: Last year $50,000 was released from the war appropriation for this purpose, of which $20,213.83 was spent. Many of our soldiers who have gone overseas have married in Britain; I believe the total of such marriages now exceeds eight thousand. Occasionally some of those soldiers are returned to Canada, and this money is to provide transportation to this country for their dependents. I do not know how much of it will be required.

Mr. GRAYDON: Is that a matter of right or a matter of policy or what?

Mr. CRERAR: It is a matter of policy on the part of the government. We have kept a pretty strict control, for which we have received some criticism, over dependents in Canada going to join men of the services in Britain.

Mr. GRAYDON: Does the government pay those expenses, in any case?

Mr. CRERAR: We have not permitted them to go. Hon. members may recall that at the end of the last war more than fifty thousand wives and dependents had to be brought back from Britain at public expense. It was not only the matter of the expense; there was also a very serious shortage in transportation facilities. In this war soldiers' wives

have not been permitted to go to Britain to join their husbands; I cannot think that there have been any exceptions to that rule. On the other hand, as I stated a moment ago, many of our soldiers married in Britain, and naturally when they return to Canada they want their wives and dependents to come with them. This item is to cover that expense.

Mr. GRAYDON: As I understand it, this vote is to be used to bring the wives and dependents to Canada when members of our armed forces are transferred to this country?

Mr. CRERAR: Yes. In some cases they are discharged.

Mr. QUELCH: What class of transportation is provided? Is it tourist on the trains and second-class boat passage for other ranks, and first-class for officers and their wives?

Mr. CRERAR: I understand it is the same rate as applies in the army. The explanation I have states that this is to provide for single minimum cost transportation, by ocean and rail, of the wives and dependents of members of the Canadian forces.

Item agreed to.

To provide for ocean and rail fares and other expenses of Canadian citizens who are being returned from the far east, $100,000.

Mr. CHURCH: This is the first opportunity this session that the committee has had to discuss immigration within the empire.

Some hon. MEMBERS: Order.

Mr. CHURCH: Before the session closes we should have a return to a question asked with respect to the government's policy on immigration, not only as it affects those returning from the far east as citizens but also the wives and families of soldiers, and British and other soldiers who would come to this country. It is due the country that we have some announcement before the close of the session. What is the government going to do about the immigration question?

Some hon. MEMBERS: Carried.

Mr. CHURCH: I am asking for a general statement before the house closes. You can bang your desks all you like, and go home; but I have the floor and I am entitled to be heard. I have been asking the government since January 27 about immigration, but I have not been able to get an answer. A return was tabled yesterday but only one question was answered. If the minister cannot answer to-day he may bring down his answer on the general estimates before the house closes.

Item agreed to.

[Mr. Crerar.]

Soldier settlement—Alaska highway, legal and survey fees, fencing and miscellaneous, $13,000.

Mr. MacNICOL: Whereabouts on the Alaska highway is this work being done?

Mr. CRERAR: This vote is to cover the expenses incidental to the acquiring of a right of way, and also the acquiring of land for the extension of airport facilities. I believe there have been one or two other items required for the United States government. For instance, there has been the necessity to acquire land for warehouse purposes, for the storage of equipment and that sort of thing. Then there was some fencing, some damage claims and survey costs incurred last year. The appropriation for last year was $105,000. Of that amount $27,890 was spent in the last fiscal year, leaving an unliquidated encumbrance of $77,109. I am advised we will require a further appropriation, in addition to the amount mentioned here. I should like the committee to have a clear picture of what has happened. The amount of around $77,000, to which we were committed, will have to be provided, because the vote lapsed on March 31. That amount will be provided from the general war appropriation. These estimates were prepared many weeks prior to March 31. There were delays in connection with acquiring title to these lands, and having the legal details attended to, and the result was that the payments were not made before March 31.

Mr. DOUGLAS (Weyburn): Why were the payments made under a soldier settlement vote?

Mr. CRERAR: The soldier settlement board had experienced men in this kind of work. They were given the job of acquiring the right of way and getting these additional properties.

Mr. MacNICOL: There have not been any fences erected along the line of the Alaska highway. Does this apply to the supplying of fences north of Fort St. John, where the Alaska highway runs through certain farms for perhaps twenty-five miles?

Mr. CRERAR: Most of this expense is between Dawson Creek and Fort St. John.

Mr. MacNICOL: North of Fort St. John.

Mr. CRERAR: Between those two places.

Mr. MacNICOL: And north of that?

Mr. CRERAR: That would be included in this vote also. North of Fort St. John is pretty much crown land. But between Dawson Creek and Fort St. John there is a fairly well established settlement. In many instances the road

is cut through private property. Right of way had to be secured; settlement had to be made and titles cleared.

Mr. MacNICOL: So that it does cover some miles north of Fort St. John?

Mr. CRERAR: Yes.

Mr. MacNICOL: I understand that the government built fences, and the money is for the construction of those fences?

Mr. CRERAR: Yes.

Item agreed to.

DEPARTMENT OF FISHERIES

Sundry services, $78,000.

Some hon. MEMBERS: Carried.

Hon. ERNEST BERTRAND (Minister of Fisheries): Thank you.

Mr. MICHAUD: No runs, no hits, no errors.

Item agreed to.

DEPARTMENT OF NATIONAL WAR SERVICES

Corps of (civilian) Canadian fire-fighters for the United Kingdom, $957,850.

Mr. MacNICOL: Could the minister tell us something about the origin and organization of this corps of fire-fighters and what work they are doing in the old country?

Hon. L. R. LaFLECHE (Minister of National War Services): I am proud to be able to speak for this worthwhile corps. Such a corps was asked for by the government of the United Kingdom when the Prime Minister was in England. After discussing the matter at some length with the national fire service of the British Isles it was decided that a corps of 400 men, all ranks, would be organized in Canada and sent to the United Kingdom to assist the national fire service. The need of this corps arose from the fact that there were numerous and terrible bombing raids by the German air force which was committing horrible atrocities upon many of the large cities and the countryside of Great Britain. The corps was authorized by an order in council passed in March, 1942, and the first detachment left Canada in May of the same year. Subsequently, as accommodation was available, other detachments followed, and the entire corps was in the British Isles last year.

Mr. DOUGLAS (Weyburn): How many?

Mr. LaFLECHE: Four hundred. This corps was recruited with the assistance of the fire chiefs of Canada, who took a paternal interest in it because of their profession. I saw each detachment as it left Ottawa for the British Isles, and I was struck with the fine physique of the men and with the evident results of the training they had received in Canada. I told each detachment that I felt that they would be a credit to this country.

Mr. MacNICOL: Were they all fairly well trained?

Mr. LaFLECHE: About two-thirds of the men had had practical fire-fighting experience in Canada, and the majority of that two-thirds were members of permanent fire-fighting brigades. A number of men were members of volunteer fire-fighting brigades which are to be found in some of the provinces. The training that these men had obtained stood them and the corps in good stead. Before these men left Canada we took care to make certain that each individual was trained to look after himself and knew of the danger into which he was going. Each man received instructions on gas protection and other matters. The perils of the voyage over and of life in Great Britain were explained to each member of the corps, and felt certain that no member of it would suffer because of ignorance of what the enemy might do to him. When they arrived in Great Britain they were sent immediately to a pool operated by the national fire service and put in a month's training at a school operated by that service. Then followed a period of four months when the men were placed on active service in national fire service stations throughout the British isles. In this way the men obtained practical experience. When all the members had received this training on the ground under the supervision of the national fire service, action stations were allotted to the Canadian fire-fighting corps. The men are now scattered among four stations in Great Britain located at points where the danger is the greatest. Fortunately they have not been under fire very often because, thank God, the raids have diminished. But they have done their duty and have shown the benefits of their training. Friendly competitions have been held between the two services in the laying of hose, raising of ladders and other exercises, and our men have shown that they are fully capable of doing their duty.

Mr. MacNICOL: How are they taken care of if they are wounded, or what is done for their dependents if they are killed?

Mr. LaFLECHE: If the members of this corps are injured or killed, they or their dependents receive the identical benefits as paid to members of the armed forces in similar circumstances.

Mr. HAZEN: What are they paid?

Mr. LaFLECHE: Exactly the same as similar ranks in the army.

Mr. DOUGLAS (Weyburn): I understand that some of these men are conscientious objectors.

Mr. LaFLECHE: They are.

Mr. DOUGLAS (Weyburn): Many of them?

Mr. LaFLECHE: There were some conscientious objectors who were ready to meet the enemy but not to injure or kill him, and a number of these conscientious objectors were admitted to the corps. I should like to emphasize that every member of this corps is a volunteer and there is no distinction made as between the men mentioned by the hon. member and the other members of the corps. As I say, these men felt that they could participate in the war in this fashion when they were not ready to do so with a musket in their hands.

Mr. McCANN: Are the fire-fighters' dependents entitled to the same allowance and pension as the dependents of members of the armed forces?

Mr. LaFLECHE: Precisely the same. They fall under the Pension Act.

Mr. CHURCH: Four hundred Canadian fire-fighters all told is a very small number even for one city, let alone in a country like England. They are a very fine lot of officers. From what provinces do they come? Do the municipalities continue to give them their pay as firemen? What functions do these four hundred men perform in the old country to-day as compared with the days of heavy bombing of English towns in 1940 and 1941, when they surely were needed? Surely there is not the same demand for their services as fire-fighters now. In some of the cities and towns of England I understand that the women's army and the general armies do part of this work and thereby release men for the armed forces. There should be a statement from the minister as to the future of this corps for the rest of the war, the functions they are now performing, the length of the leave given them by their local municipalities and when they will return.

Mr. LaFLECHE: The hon. member has asked some interesting questions, and I shall be pleased to answer them as best I can in the order of their sequence. He made the statement that in England women were doing the work of fire-fighters. All glory to the women there and elsewhere who are helping to beat the enemy, but I suggest that, although there are always glorious exceptions, the women's activities in this field in Britain are in the main those of observers. I do not say that they have not been fighting fires, but generally speaking the women in Great Britain are used in this field as observers to watch for the approach of the dastardly enemy. The Canadian boys are and have been for many months stationed in some of the worst spots in the British Isles, those most exposed to possible enemy action.

The hon. member brought up an interesting point when he asked what would be done with this corps between now and the end of the war. That is a matter that has received and is receiving consideration. Some time ago inquiry was made of the proper authorities in Great Britain to survey the situation with a view to our possibly being able to employ their services otherwise in view of our limited man-power. I do not mean to say that we are necessarily going to disband this corps, but I think it is proper to say in reply to the hon. gentleman that should the fire-fighting services of Great Britain advise the Canadian authorities that the probabilities of action of the kind that existed when this corps was formed and sent over have greatly diminished, it may be necessary to consider taking some action with respect to the members of this corps. But may I say that Canada will never forget the fact that these men volunteered for a service considered then to be as dangerous as that performed by any human being in the British Isles, whether in uniform or not. Most of the members of the corps were members of city fire brigades, and with the experience they have gained in Great Britain I have always thought that when they returned they would make splendid fire chiefs in a great many of our cities in the future. A total of 107 municipalities supplied the 400 members of the corps.

Mr. HATFIELD: From what provinces?

Mr. LaFLECHE: They came from two municipalities in Nova Scotia, one in Prince Edward Island, 4 in New Brunswick, 14 in Quebec, 63 in Ontario, 4 in Manitoba, 10 in Saskatchewan, 4 in Alberta and 5 in British Columbia. So that it can fairly be said that this is a national corps.

Mr. CHURCH: Who is in charge of them in the old country? Is it the municipal authorities?

Mr. LaFLECHE: No.

Mr. CHURCH: Who is the commanding officer?

Mr. LaFLECHE: Chief Huff. He was formerly the officer in command of one of the fire-fighting corps of the Royal Canadian Air Force and now commands the Canadian Fire-fighters Corps. We all know that the Royal Canadian Air Force has its own fire-fighting organization, with different ranks. Before that, Chief Huff was fire chief of Brantford, and a very successful fire chief too, as instanced by the great success of his brigade in competition with those from other cities all across Canada and the United States. He has had a remarkable record of success in that regard.

Mr. HATFIELD: How many men from each province comprise the Canadian fire-fighting corps?

Mr. LaFLECHE: From Nova Scotia 5, Prince Edward Island 3, New Brunswick 4, Quebec 30, Ontario 287, Manitoba 27, Saskatchewan 22, Alberta 12 and British Columbia 32.

Mr. MacNICOL: Is it the intention of this department to provide some sort of decoration or recognition for these men when they return to distinguish them as having served in the fire-fighting branch of the armed services?

Mr. LaFLECHE: May I thank the hon. member for that suggestion. He will not feel hurt if I tell him that we have already had the same thought. It is too early just now to give a definite answer to my hon. friend, but I can assure him that the matter will not be lost sight of.

Mr. CHURCH: When men are needed in the armed forces, according to our own ministers, are you going to continue this policy? Did the corps take any equipment over with them? Is the minister aware that in Britain the military authorities have power to summon troops of all kinds in case of fire? As to the four hundred fire-fighters from all over Canada, all good men, I think it is time, in view of our man-power shortage, to revise the programme and give some consideration to the taxpayer.

Mr. LaFLECHE: I have already stated twice this afternoon that the matter is under study and that I am awaiting another report from the authorities in Great Britain.

Mr. EVANS: Is it possible for the men in the fire-fighters corps to be transferred to the armed forces if they are physically fit and of military age?

Mr. LaFLECHE: Yes. Instructions have been issued permitting them to do so, because some have expressed such a desire. I might add that the commanding officer was instructed that he might even encourage such transfers.

Item agreed to.

Censorship division—
General, $19,000.
Information and records branch, $174,900.
Postal censorship, $1,070,800.
Censorship of publications, $127,400.
Telegraph and cable, et cetera, censorship, $346,970.

Mr. GRAYDON: This item brings to the committee one of the most important parts of the war appropriation resolution outside of the armed services and matters closely connected with the prosecution of the war. Censorship is a subject which has been engaging the attention not only of the government, but of parliament and the Canadian people. Many things must be done in time of war which will definitely interfere with the peace-time freedoms and liberties of our people, and we take that for granted, having agreed to and voted for participation in war. But the public are as jealous as ever of their rights, their freedoms and liberties with respect to interferences which may come to them in the ordinary course of civilian life, and they take a keen and active interest in censorship. The opening of mail, the tapping of telephones, the inhibitions placed upon the press, and now also upon the radio, as envisaged in the latest directive of the board of censors —these matters demand that on an occasion such as this there should be full disclosure of the policy of the government with respect to interference with the rights of the subject in Canada and its relationship to the war effort.

It has been said many times, but it will bear repetition, that so long as the public is satisfied—and it is the duty of the government to satisfy the public on this point—that these inhibitions and prohibitions and other interferences with personal liberty are in the interests of the war effort, the government can rely upon the public to support to the full the measures which are required. Therefore in bringing to the attention of the government certain features of the censorship, I do so in that smaller field, if I may so term it, wherein there is doubt whether the censorship has gone beyond the point required for security reasons and for the prosecution of the war, and has "slopped over", to use a street term, into a field where the rights of the public are unnecessarily curtailed.

The question of censorship, how far it should go, and alleged abuses of it, have been the subject of newspaper comment in various parts of Canada. I have no desire at this time to cite in extenso the comments made by

those who are operating in the field of communications—I mean the press itself. But there has been some uneasiness, and it has given rise to expressions of opinion with respect to censorship of which the government must take cognizance. Recently there have been instances in which the press have taken grave issue on the matter of the extent to which these regulations, directives and orders have gone. Fuel was added to the flame when on June 22 of this year there appeared in one of the national newspapers, the Toronto *Globe and Mail*, a letter which seems to me unusually significant, because it came, not from a member of the public who is unacquainted with censorship and orders, but from one who has a lengthy and comprehensive knowledge of these matters. I wish to read a letter which was written by Doctor W. J. Edmondston Scott, M.A., who is cited as having been a censor in languages of central and western Europe between 1939 and 1942. This is what Doctor Scott has to say:

The forthright editorial on "Scandalous Censorship" in the issue of June 16 shows that the *Globe and Mail* still ranks ahead of its contemporaries in being "soond" in doctrine and unusually well informed. From an inside viewpoint it would appear that practically anyone who dares express an opinion on any subject, with or without a political flavour, can have his name put on government files, via the inquisitorial censorship, because of a multitude of topics covered by the regulations, rules and memoranda—from the premier's gossip at funerals down to the abuse of soap and towels. Many folks may say they don't care a hoot; but it's a different matter when some day they discover that, whether in search of jobs through employment or national selective or other government agencies, their chances of obtaining work or preferment, or perhaps the boot, may depend upon what information is listed against their names on file.

"Nation-wide indignation," as you call it, cannot fail to be aroused when Canadians learn the facts—especially employers who stand up against any pressure that may be brought against them to suppress information which is in the public interest to disclose; professional men with a regard for truth but whose freedom of opinion is restricted by inspired attacks in the press on public men and the intelligentsia; as well as the labouring classes, whose union leaders receive the same watchful attention as foreign spies.

And what shall one say of women who are carrying more than their share of the burdens of war? They, too, are taking a deeper interest in the problems of war and peace—a fact that needs no comment. Yet this Ottawa racket already visualizes the women of Canada as a potential menace to the principles of democratic government, which the editorial maintains are being openly travestied by ministers who cling to "the delusion that they are Liberals."

The fact is the Liberal government sees the writing on the wall. It has ceased to trust the people of Canada, so the inquisition is now in full swing. So curious was the cabinet last year in the possibility of women organizing or federating their social and political clubs and unions after the war, so as to make their voice heard in the national councils, that a special memorandum, dated May 1, 1942, was issued to examiners which said that:

These are the terms of the censorship regulations:

"All letters observed in the mails containing information regarding women's political activities in all parts of the world and women's activities in connection with post-war reconstruction should be specially submitted to this office and file reference C.11292-38 quoted."

Reread in the light of the editorial, this should not appear as just another sample of petty politics but a deliberate and frontal attack on the rights and liberties of millions of women who are being denied the freedom to express their opinions within the law, unless they care to risk the chances of being later penalized, from what the Minister of Justice has styled the "information in his hands."

Worthless gossip, maybe, but immensely potent for backstairs intimidation. Any argument that the cabinet's memorandum ordering the censors to inquire diligently into the private history of women able to express their political views on paper can be correlated to the government's will to victory is refuted by its post-war character.

I bring that to the attention of the house because it has been so widely commented upon in every section of Canada. It is a matter which has evoked interest, and that interest has arisen largely from the fact that this was not just an ordinary person, who knew nothing about censorship, who was writing. Since it has been placed before the public in many parts of Canada, I put it on the record in order that the government may have an opportunity, and the minister in particular, to show the people of Canada exactly where we stand in relation to the matters therein dealt with.

Throughout the country generally there is a disposition among the people to know what is going on behind the doors of censorship in Ottawa. There is a desire, and I believe a proper and well motivated desire, on the part of the public, if they are to have these regulations and these interferences, to be acquainted with the reasons therefor, and in all fairness they should know to what extent the regulations may properly go. It is not too much to ask, and I urge upon the minister that in his statement in reply this afternoon, to the extent that national security will permit, he open the door and acquaint this house and the Canadian people with the exact situation in the matter of censorship, thus clarifying matters and making for much greater confidence among the people.

It is not greatly to be wondered that the average layman is confused about the whole question of censorship. Most people regard censorship as just one of those extraordinary conditions that one must put up with, and

they put up with it cheerfully so long as it is necessary for the safety of the state. But when regulations made by ministers of the crown are so interpreted on certain occasions as to indicate that they go very much further, in the minds at least of certain ministers of the crown, one cannot help feeling that the public may properly be excused if they entertain some fears about the extent to which censorship regulations and orders may be invoked. All hon. members, I believe, will recall that in one particular instance in this house, and it is not so long ago, the Minister of Justice, after an inquiry had been made with regard to the statement of a candidate, a former member of this house, who was seeking office in a provincial contest, expressed his views as reported in *Hansard*. The candidate in question had made a statement which was allegedly controversial and which allegedly should not have been made against the judiciary of Canada, and a very enlightening reply with regard to censorship came from the Minister of Justice. The hon. member for Broadview (Mr. Church) had properly asked a question with regard to the incident. Let me read both question and answer so that there will be no dispute on the point. I quote from *Hansard* of June 23 of this year at page 3930.

> Since no one else has seen fit to do so I should like to direct a question to the Attorney General relating to a dispatch appearing on page 4 of the Toronto *Globe and Mail* of this morning. A former member of this house, an old parliamentarian and a lady with a keen sense of humour, is alleged to have stated in Kenora last night that "she had never met a progressive judge" and that "judges are all political heelers or they would not be judges." I am aware of the parliamentary rules, but I want to say that many of these overworked judges have lost their sons in this war, and I think some statement ought to be made in this connection by the Minister of Justice.
>
> Hon. L. S. St. Laurent (Minister of Justice): My attention was directed to this short dispatch just a few moments ago. Certainly it is regrettable that declarations of this kind should be made by or attributed to persons so well known as Miss Macphail, who for a number of years was a member of this house. The statement is as unfortunate as it is unfounded. Declarations of this kind can have no other effect than to diminish the respect of the people for the administration of justice in this country, and as such they are most deplorable. I shall direct the attention of the censors to this dispatch, and see if arrangements cannot be made that publicity will not in future be available for matters of this kind.

The answer given by the Minister of Justice opens up in the public mind a whole avenue of questions, because if matters not pertaining to the war, matters which could not by the widest stretch of the imagination have anything to do with national security, are to be so regarded; if the advisers of the crown are of the opinion that censorship may be extended to that length, then parliament and the country have a right to a declaration by the responsible minister on behalf of the government to show exactly where the public does stand and what the public may expect in the way of further extension of censorship interference. I must confess that in my opinion the matter may well assume serious proportions in this dominion.

I am not going to give any further citations at the moment, but here we have two instances which may perhaps be regarded as examples and illustrations of the sort of thing which may readily occur under a bureaucracy such as the board of censors. I could not wish, nor do I think any hon. member of this house would wish, to take the position that there should not be censorship in time of war. That is something which I think must be approved by this House of Commons. At the same time the question of the care that British people all over the globe have always exercised to see that there shall not be undue interference with the rights of the subject enters into this debate; for in connection with the whole matter of the censoring of news and communications, and all the widespread ramifications over which the board of censors has jurisdiction, we as a people and as a parliament are entitled to know how far the government have gone in unnecessarily interfering with those rights, where the security of the state is not involved. We should know also what is to be the policy of the government in future. What is perhaps more important for us to know is whether the statement made by the Minister of Justice represents government policy. If it does not, I believe the fact of a minister of the crown speaking as he did requires some explanation by the government. If that statement does not represent the policy of the government, then I say the censorship regulations deserve condemnation rather than commendation at the hands of this house. I do not think by any stretch of the imagination this parliament could agree to the proposition that an ordinary statement on a civil matter, which perhaps did not meet the views of the government or certain sections of the people, should come under the censorship regulations.

I leave with the minister those two matters, and suggest that if they are answered satisfactorily it will go a long way toward restoring confidence in the minds of the citizens of this dominion.

Mr. CHURCH: A return was brought down in this house last week with regard to the whole matter of censorship generally. I raised this question when this war broke out. In the last war the gentleman usher of the black rod, Colonel Chambers, a very able man, was the press censor with only a very small staff. At a meeting with the press he laid down certain rules and regulations which applied throughout the war. In doing so he followed the British system, which had existed ever since the present Prime Minister, Mr. Churchill, was a war correspondent in the South African war. What was that policy, which I say should have been continued during this war? Here is what I said on November 20, 1940, at page 276 of *Hansard*:

I believe the time has come when the press censorship in Canada should be abolished entirely and we should go back to the good old British system, leaving the responsibility for censorship as largely as possible to the voluntary effort of the press. This is what Britain is doing. There are one or two press censors there who supervise things but the press is left largely alone. In my opinion, it would be far better for the Canadian people, and it would make for the dissemination of more reliable information, if that policy were followed in this country. After all, the press has certain duties to the public. It is the medium through which the government of the day can impart information to the people, and I submit that it should not be trammelled, but should be let tell the truth. Truth is the first victim of this war, and self-respect is the victim of neutrality.

But what happened? A large department was established, and we have seen the result; the public of Canada know less about the war or its causes, or external affairs, than almost any other people in the world. I have asked for several returns in regard to this matter, and the last one was brought down on July 14; it was sessional paper No. 341A. I asked:

1. What has been the annual cost of press censorship since the beginning of the war?

2. Who are the press censors, (a) in Ottawa, (b) in Toronto, and what experience have they had for such work?

3. Who appointed them, and what are their salaries, travelling expenses, and all other emoluments?

The answers were as follows:

1. 1939-40	$ 29,614 54
1940-41	73,088 47
1941-42	80,515 70
1942-43	106,645 55*

* (This figure includes cost of both press and radio censorship, which were amalgamated as at July 1, 1942. The approximate cost of press censorship for this year would be $82,000.)

2. (a) Wilfrid Eggleston, chief censor of publications; fifteen years' experience in newspaper work, including nine years as member of the parliamentary press gallery.

I believe he was formerly with the militia department, and wore a uniform.

Fulgence Charpentier, chief censor of publications; fifteen years' experience in newspaper work including ten years as member of the parliamentary press gallery; service with Canadian army, 1918; studied law at Osgoode Hall, Toronto.

Jacques Girouard, censor of publications; six years in publicity and newspaper work.

R. W. Baldwin, censor of publications; sixteen years in newspaper work, including one year as member of the parliamentary press gallery.

(b) Charles S. Grafton, regional censor of publications; twenty-four years' experience in newspaper work; service with Canadian army, 1915-18.

Bertram B. Perry, regional censor of publications; twenty-six years' experience in newspaper work; service with Canadian army and royal flying corps, 1915-19.

He was on the sporting department of one of the Toronto newspapers, I believe.

3. Wilfrid Eggleston—appointed by order in council under authority of P.C. 2882, adopted September 27, 1939. Salary: $15 per diem. (Since August 17, 1942, has been serving as chief telegraph and cable censor without additional remuneration.)

Fulgence Charpentier—appointed by order in council under authority of P.C. 2882, adopted September 27, 1939. Salary: No salary. (Mr. Charpentier has served without remuneration since February, 1940, as chief censor of publications. He fills the joint post of chief censor of publications and editor of French journals of the House of Commons.)

Jacques Girouard, appointed by order in council, under authority of P.C. 2882, adopted September 27, 1939. Salary: $14 per diem.

R. W. Baldwin, appointed by order in council under authority of P.C. 2882, adopted September 27, 1939. Salary: $14 per diem.

Bertram B. Perry, appointed by order in council under authority of P.C. 2882, adopted September 27, 1939. Salary: $10 per diem.

Charles S. Grafton, appointed by order in council under authority of P.C. 2882, adopted September 27, 1939. Salary: $10 per diem.

Press censors receive their actual and necessary travelling expenses when absent from the office in the discharge of censorship duties.

I think the time has come when the whole system should be revised. I fail to see the value of any censorship of publications, or what it has accomplished. Every department of the government issues dozens of booklets. As we all know, members of parliament receive such batches of pictorial papers and booklets filled with pictures that the waste-paper basket has come to be the most useful piece of office furniture we have. Just the other day we received a very beautiful booklet concerning the new $29,000,000 building in Montreal, showing the mural work and all that sort of thing. I hope my hon. friend will not get out a booklet like this about Christie Street hospital—this one on the Montreal station, with its mural work, cards and pictures and friezes of scenes down through the middle ages. The censors have not interfered with it,

and it is full of gorgeous pictorial decorations from end to end. One picture is just like an opera, or like a musical comedy company giving a performance of Gilbert and Sullivan. Yes, this gorgeous affair, at a cost of $29,000,000, with mural exhibits just to remind us of the Greeks and Romans.

What censorship is there of these American publications? If one goes over to Niagara Falls or Fort Erie, what does he see? On all the news stands he will find booklets and weekly and monthly publications of all kinds about the mother country and all that kind of thing. If there were proper censorship a lot of them would not be allowed to come in. It was not allowed at the time of the last war, under the old chief censor of those days. And I can tell you this, that as far as this extensive press censorship is concerned I have had to oppose this policy from the start.

I realize there has to be a certain amount of postal censorship. I believe I have sent about half a dozen complaints from people to the minister's department, and he has looked after them very well. But with respect to these publication censors, and their travelling expenses to go round the country, that is quite unnecessary. Only a few days ago news came in from Sicily. That news was censored. The same applies to the north African situation and Canada's part in the desert victory, as I pointed out last spring. Instead of leaving it to the press and the gentlemen of the press—well, if the press did not report other proceedings better than in some cases they report the House of Commons, we might just as well meet in secret. However, I have confidence in the press of the country doing its duty splendidly in this time of war, as they have in the past. Sometimes the House of Commons is itself to blame for not receiving a better report. In these days it is overshadowed by the war.

I appeal to the minister to curtail these affairs, and to consider going back to the old censorship policy. Then, as to pamphlets and booklets, hon. members are getting sick and tired of all these picture books they have been receiving. They would be all right to distribute to the kindergarten or to the elementary schools.

Mr. HAZEN: I understand a number of people, who were formerly employed as censors with the duty of censoring letters in the Post Office Department, have been let out. Their services have been dispensed with. Has there been any change in the policy with respect to the censoring of letters? It has occurred to me there must be some change in policy, in view of the fact that the services of many of these people were dispensed with not very long ago.

I have a question with respect to the censoring of letters addressed to members of parliament, a matter that has been discussed in the house on several occasions. I bring it up again now because not long go I received a letter addressed to me with the letters "M.P." added, and directed to the House of Commons at Ottawa. It had been opened by the censors. If my memory serves me correctly this letter came within the last two weeks, after we had been given some assurance that the procedure was to be remedied. Have any instructions been given to the censors respecting mail addressed to members of parliament? If so, what were those instructions? I would have no objection if the letter had been sent to me at my place of residence, without the letters "M.P.". But I do object strenuously to the censoring of letters addressed to me as a member of parliament at the House of Commons in Ottawa.

Mr. LaFLECHE: I have attempted to take some notes as hon. members have spoken, and I ask nothing better than to speak as openly as public security will allow, with respect to this matter of censorship. I am indebted to the leader of the opposition for placing his position so clearly before the committee. I can only trust I shall be able to state the case for censorship as clearly as he voiced—I shall not say his opposition, but his demand for the reasons why certain things have been done. I believe he has asked a fair question.

Before turning to the points mentioned by the leader of the opposition, however, I shall deal with what was said by the hon. member for St. John-Albert, who has asked whether any change has been made in the policy governing censorship. His question is asked because of something he has observed in, I presume, the city of Saint John, New Brunswick. My reply is that there has been no fundamental change, but that there have been, and possibly in the future there will be, changes in degree of application of the rules of censorship. That degree is precisely in proportion to what is deemed by security officers in Canada, the United Kingdom, the United States and perhaps elsewhere as sufficient to meet the needs of safety. What the hon. member has observed would seem to illustrate the point that, having regard to the volume of mail leaving that city, or for

other good and sufficient reasons, there has been occasion for decreasing the number on the staff.

Mr. HAZEN: Is that the only city in which there has been a decrease in staff? I thought perhaps it had occurred in other places.

Mr. LaFLECHE: The situation is a changing one. The hon. member for St. John-Albert has observed quite correctly in his own locality a change in the degree of application of the policy, rather than a change in the policy itself. He has asked whether similar changes have occurred elsewhere. The answer is that they have. And they may change again to-morrow. To-morrow, for reasons which we cannot see to-day, it may be necessary to apply the rule more widely.

The other question raised by the hon. member has to do with letters plainly addressed to members of parliament. I have already apologized to two hon. members, because it is against the written instructions for outlying censors in Canada to open letters addressed to members of either house of parliament at Ottawa.

Mr. DIEFENBAKER: Have any instructions been given that letters directed to members of parliament, and originating with members of the armed forces, shall be opened? Is the commanding officer of the company thereafter advised of the information contained therein?

Mr. LaFLECHE: I shall come to that point in a moment. I had only reached the point of making a distinction between letters which are censored by the organization we are discussing this afternoon and the censorship overseas over which we have not the slightest control, the regimental or unit censorship of letters posted by the members of a particular unit.

Mr. DIEFENBAKER: Or in Canada.

Mr. LaFLECHE: May I illustrate? Like many other hon. members, I have a member of my family overseas. Each one of his letters addressed to me and clearly indicating the address is censored. At first I was a little bit hurt, but I ascertained that these letters were being censored overseas. When I learned that, any bitterness in my mind disappeared because I realized that I had no business to know of intimate matters relating to military operations overseas.

Mr. DIEFENBAKER: I am referring to letters originating in Canada where there is no military censorship in the units.

Mr. LaFLECHE: The hon. member means letters addressed to members of this house and clearly indicated as such? If there is a censorship of such letters by the censorship we are discussing this afternoon—I cannot speak for any other—it would be against the written instructions issued to the censors. I can only apologize again to any hon. gentleman who has received such letters. I have apologized to one of the Vancouver members, as I did to the hon. member for York-Sunbury (Mr. Hanson). If the hon. member for Lake Centre has been so treated, then I apologize to him. I wish to say that it is no action on my part which has resulted in these letters being mistakenly censored in Canada; what happens overseas is beyond us. Let me emphasize again, that the instructions to censors not to censor mail addressed to members of parliament are in writing.

Mr. GRAYDON: Is there a directive dealing with letters addressed to members of parliament? If so, is there anything in the way of national security that would prevent the minister from giving us the details?

Mr. LaFLECHE: It is being looked up, and I intend to read it into the record. The hon. member for Broadview (Mr. Church) remarked that he would prefer to go back to censorship as it used to be. So far as I know the censorship we now have, the censorship we are now discussing, is a continuation of the censorship which was instituted at the beginning of the war. I think it is timely to say that the censorship exercised in the United Kingdom and the United States, and possibly in other united nations, could not be carried out unless we had a censorship such as we have in this country. I trust that careful attention will be given to this fact. Censorship as practised in Canada is a part of what might be termed joint censorship carried out as well by the authorities of the United Kingdom and the United States. Many of the things we do, although not everything, are done at the request of the United Kingdom or United States authorities.

I should like to say something about the statement made by the leader of the opposition. I have no idea of attempting to cut corners in making any explanation, but I believe that the exact position of censorship as we carry it out in Canada can be summed up in a few words. Our censorship is exclusively concerned with matters affecting the prosecution of the war. We are not concerned with anything which is not involved in the winning of the war. That is the official statement I have the honour to make to this committee. Censorship is an operation of war, nothing else. The Minister of Justice

did not bring to my attention the incident which was referred to by the leader of the opposition. I assume that the reason for this was that upon reading *Hansard* and the regulations, he discovered that the matter was not subject to censorship.

Mr. GRAYDON: The Minister of Justice was wrong?

Mr. LaFLECHE: As I may be wrong fifty times to-day, and as I was wrong the other day.

Mr. GRAYDON: That is a strange statement for the minister to make, to say that one minister is wrong and then to put forth the supposition that perhaps he is wrong himself.

Mr. LaFLECHE: Not in this particular case.

Mr. GRAYDON: I think we ought to have some clarification of that.

Mr. LaFLECHE: If I am wrong, it is for my good friend to find me out. I was in the house at the time, but I was not fully seized of what was happening. There was some confusion. At any rate I may say that what occurs along such lines in Canada is that purely civilian matters are not a matter of concern to censorship.

Mr. DOUGLAS (Weyburn): There is no particular item covering the censorship of radio broadcasting. Has the minister anything to do with that, or is it under the Canadian Broadcasting Corporation?

Mr. LaFLECHE: The hon. gentleman will realize that we have been all over the field. The censorship which we are discussing now deals with the press and publication over the radio, radio broadcasting.

Mr. DOUGLAS (Weyburn): Will the minister indicate the basis of radio broadcasting censorship? I understand that each local station is held responsible for the broadcasting sent out. I do not believe all broadcasts are sent to censorship; I believe each station is held responsible, and this seems to be working quite satisfactorily.

Mr. LaFLECHE: Did I not quite grasp the question? The radio broadcasting censorship is carried out by the censorship we are now discussing. The rule is very much as the hon. gentleman mentioned. For anything that might hinder the successful prosecution of the war we hold the local manager of the broadcasting station primarily, and finally if you like, responsible.

Mr. DOUGLAS (Weyburn): It is not necessary therefore for the broadcasting station to submit manuscript if the local manager is satisfied?

Mr. LaFLECHE: If the local manager wants to take the risk.

Mr. HAZEN: I receive letters from time to time from the maritime provinces on which the name of the place of origin has been obliterated from the postmark. Does that come under the minister's department?

Mr. LaFLECHE: That was not an act of the censorship we are now discussing.

Mr. HAZEN: Would the minister be prepared to tell us how many people have had their services dispensed with in connection with the censoring of letters during the last two or three months?

Mr. LaFLECHE: The best answer I can give at the moment is about thirty.

Mr. GRAYDON: A number of members have been calling "carried." The minister no doubt wants an opportunity, and I do not want him to overlook it, to explain the situation with respect to Doctor Scott. It is a matter which I think cannot be left unexplained by the minister. I know he has no desire to do that. I would not have raised the matter simply to leave it on the record, because it is too serious to leave on the record without its being dealt with by the government in such a way as either to give credence to the letter which was written, or to deny it. It is a matter of great importance and one which the minister should not overlook.

Mr. LaFLECHE: Again I must express thanks to the hon. leader of the opposition. While we are all anxious to conclude the business of the house as quickly as possible, I would not want the item to pass without my saying something on this case, which to me has some elements of sadness. May I say first of all that Doctor J. W. Edmundston Scott left the employ of censorship in August, 1942. Therefore I did not know him; at least I do not recall ever having met the gentleman, and what I say must be taken from reports I have received. I am grateful for the persistence of the hon. leader of the opposition in reminding me of this case. I should like to lay at rest definitely the thought which has become fairly widespread that "all letters observed in the mails containing information regarding women's political activities in all parts of the world and women's activities in connection with post-war reconstruction should be specially submitted to this office and this file reference quoted." May I say definitely in

respect to the matter that the origin of it was not in Canada. It came from abroad, from a power with which we are most closely associated in this war. The thought did not originate in Canada, and anything done in this connection by our censorship was done by request of an extremely friendly and an extremely dear ally of ours in this war.

Mr. GRAYDON: Does that mean that when we dictate a policy here with respect to censorship, those who are closely allied with us then adopt a similar attitude towards our censorship directives?

Mr. LaFLECHE: I am certain that should Canada formulate a request such as this one, the other authorities so closely concerned with us in this war would do as we did on this occasion.

Mr. GRAYDON: Is there any joint censorship supervision by, say, the three Anglo-Saxon nations, Great Britain, the United States and Canada, or a joint censorship board which governs these directives which the minister now speaks of as being adopted by one country and then by another?

Mr. LaFLECHE: We might request, just as they made requests. But my hon. friend's main point was: Is there a joint body? No. But there is the closest and continual consultation among the higher officers of the three censorships mentioned by the hon. gentleman. It is reported to me that no report whatsoever has been forthcoming in respect to the request we had, and which I have just read. The results of that have been nil. It is reported to me that no report has been made by Canadian censorship in connection with that matter, which dates back now well over a year ago.

Mr. GRAYDON: Does that mean that so far as the directive is concerned this country is simply ignoring it? Either the directive should be put into effect or there should not be any directive.

Mr. LaFLECHE: The directive was put into effect just as any other, but no report concerning it has been forthcoming. It may well be that it does not always follow that our censors throughout Canada will observe in the mails anything of the particular nature. May I make clear, too, that this is not a matter of gossip. Whether it emanates from the lips of a man or a woman, censorship does not care a snap of the finger about ordinary gossip. It is concerned only with matters affecting the war—nothing else.

[Mr. LaFleche.]

Mr. GRAYDON: But there is this man's own declaration that it covers the ambit of women's political activities. What have they to do with the war?

Mr. LaFLECHE: I have read it into the record. It may have something to do with the war. I shall not say anything about Doctor Scott. I have already said what I have to say about directives.

Mr. GRAYDON: May I ask one more question about this item. When a motion for papers was moved in the house by the hon. member for Peterborough West the house took occasion to vote it down. The Prime Minister, after the vote had been taken and the issue decided, made a statement to the house in which he said that the documents which were called for in the motion would then, subject to security considerations, be tabled.

Mr. MACKENZIE (Vancouver Centre): He said so before the vote was taken. The Prime Minister made that statement both before and after the vote.

Mr. GRAYDON: I am not going to take issue with the hon. gentleman, because in any event his statement is not germane to my argument.

Mr. MACKENZIE (Vancouver Centre): It is germane to my recollection, though.

Mr. GRAYDON: My hon. friend is trying to anticipate something. I was very innocent in my approach to this matter, but perhaps my hon. frend has something else in his mind. I was attempting only to draw to the attention of the committee the fact that when the vote was taken the Prime Minister said that there would be tabled and produced such of the orders, regulations, directives, et cetera as could be tabled by the government, having in mind considerations of national security. Will the minister give the committee some indication of what has been done and what the government intends to do with respect to that? In my opinion whatever could have been tabled should have been tabled before this debate took place. Actually this motion was on the order paper for some weeks, at any rate almost two weeks, and for one reason or other the minister delayed the passing of the order. Finally it came to a vote. That was the first indication we had that the government was not prepared to table at least some of the documents asked for. I do not think it is quite playing ball with the committee that we should have come to this debate without the government having informed us either that, for national security reasons, no documents could be produced—which statement

has not been made—or that such documents have been made available to the members of the committee as are important and indeed vital to a proper and comprehensive discussion of the points at issue. I hope the minister will make a statement on this matter.

Perhaps the minister would indicate to the committee also the underlying reasons applying to censorship of letters which relate to foreign exchange control. I understand that in respect of letters going from here to the United States where foreign exchange is involved, censorship is in full operation, although I do not know to what extent. Will the minister give the committee some details with respect to that? It is a matter upon which the public would like enlightenment, because I have had correspondence and complaints connected with that phase of the censorship regulations.

Mr. LaFLECHE: May I remind the committee that there was a motion on the order paper by the hon. member for Peterborough West for about two weeks, and that on three occasions before the matter came to a head, yesterday or the day before, I gave reasons why I was unable at the time to deal with the matter properly. The reason was that there was a gentleman with whom I felt it necessary to discuss the matter and who was not in town. I so stated on these two occasions. I did not hide anything, and I should like nothing better than to get rid of any material which is in question by bringing it before the house. But as I have already said, censorship is an essential arm of the services. Censorship exists only because there is a war. We cannot carry on censorship alone; neither can the allied nations carry out their censorship without the every-day assistance of the Canadian censorship. What we want to do is to find out things about the enemy which are of importance to us; his intentions, his activities, so that we can the better safeguard our boys overseas or on the seas or above the seas. We place a value upon information of this kind perhaps in direct ratio to the degree of desire on our part to know what the German censorship is doing. We feel that if we had all the details of the processes of German or Japanese or Italian censorship we could do a better job and we could ward off dangers to our country and to the people who are fighting our battles.

If you will recall, the motion went to a vote the other day and it was defeated. Immediately afterwards the Prime Minister offered to have the matter gone into very carefully and undertook that the Minister of National War Services should bring down such papers as in his opinion it would be safe to produce to the public. I am still going over some of these papers, although a vast number have been scrutinized already. There are papers which contain no military secrets, but I submit that the mere fact of making them public, as they would be were they tabled, would tell the enemy things about which he would pay dearly to know if the position were reversed; that is, how he is dealing with this business.

There is nothing we want to hide in this particular matter. I should be very glad to discuss these matters with any hon. member, but I would ask, indeed I would implore, hon. members to remember that we are playing with fire. There is no personal desire to keep them from the knowledge of any honest person. The Boche and the Jap—

Mr. GRAYDON: Did I understand the minister to say there is no desire to keep them away from any honest person?

Mr. LaFLECHE: That is what I mean to say.

Mr. GRAYDON: Is the minister making a reflection on the membership with reference to tabling them in the house?

Mr. LaFLECHE: No, I did not say that at all. I meant that to give publicity to them would mean that they would immediately become known to the enemy. I did not make any reflection on any hon. member. I did in terms specifically say what I thought of the Boche, the Jap and the Italian.

Foreign exchange control is really part of economic warfare; it is another means of carrying the war against the enemy to a successful culmination. I am not anxious to make that widely known, but even the less important of our activities may illustrate the thought that by making anything concerning censorship known to the public we are to an extent helping the enemy.

Mr. GRAYDON: One more question before the item is passed. Since the beginning of the war has the minister gathered particulars as to how many complaints he or his department has had with respect to the improper opening of mail addressed to members of parliament at Ottawa?

Mr. LaFLECHE: I can speak only from my own knowledge during the time I have been what I am now. I certainly have not received more than half a dozen complaints, and nearly all of them have been such as have been mentioned to-day—letters addressed to

members of this house and opened, against written instructions, by censors at outlying points.

Mr. BRUCE: May I ask the minister one question in regard to the removal of certain items from a letter in which criticism is made of a department, of an individual in a department, or of an organization and sending that information to the person criticized, together with the name of the writer. I was told, I believe by the Postmaster General, in reply to a question some time ago that this was the custom. Is it the custom at the present time?

Mr. LaFLECHE: I know of no such thing, and in view of the stated purposes of censorship I cannot imagine that anything would be noted in correspondence unless it had to do in some way or another with the prosecution of the war. If the hon. gentleman has a case in mind I should very much like to look into it for him.

Mr. BRUCE: I shall be glad to have the assurance that from now on this will not happen again, but I know of a case in which criticism was made having nothing whatever to do with the war, and an extract containing that criticism was taken from the letter, typewritten and sent to one of the departments, and ultimately reached the individual criticized.

Mr. LaFLECHE: May I ask the hon. gentleman to let me know the details of that case?

Mr. BRUCE: I will tell the minister privately.

Mr. GRAYDON: That is a very serious matter.

Mr. LaFLECHE: I cannot say whether it is serious or not. I do not know about it.

Mr. GRAYDON: On the face of it, it is.

Mr. ROSS (St. Paul's): Is there a board that does the censoring of broadcasts over the radio? I know there are people at each station who do a certain amount of it, taking it upon themselves to perform that work. Who is the head of radio broadcasting censorship?

Mr. LaFLECHE: The gentleman who looks after radio broadcasting censorship is Mr. Shearer. Radio censorship is similar to newspaper censorship. Great reliance and confidence are placed in the newspaper and in the radio broadcasting station, and I must say that from both we have had excellent cooperation and I feel that our confidence has been well placed.

[Mr. LaFleche.]

Mr. ROSS (St. Paul's): Are the broadcasts censored which are made by panel speakers over the Canadian broadcasting corporation? Are they censored before being released, or are they released on the responsibility of the person broadcasting?

Mr. LaFLECHE: Speakers may submit their manuscripts to censorship, but they do not have to. If a speaker does not and something goes out which is against the regulations, then the manager of the station is held to account. He becomes responsible.

Mr. ROSS (St. Paul's): On two occasions I have directed attention to a charge made by the Right Hon. Arthur Meighen in connection with broadcasting, and I have said the same thing myself, with reference to a broadcast made by Doctor Watson Thomson of Winnipeg some time ago in which he made some startling statements of one kind or another. I also asked Doctor James Thomson in the radio committee whether he had any comments to make and he said he had none. I am wondering if this is the kind of thing that is permitted. Let me read—

Mr. MACKENZIE (Vancouver Centre): Order. My hon. friend is about to read from the proceedings of the committee.

Mr. ROSS (St. Paul's): I can read from them now.

Mr. MACKENZIE (Vancouver Centre): The report has not been adopted by the house.

Mr. ROSS (St. Paul's): No, but under the rules I believe I can read, can I not?

The CHAIRMAN: On the point of order, the hon. member would not be in order in discussing the proceedings of the committee, whose report has not been adopted.

Mr. ROSS (St. Paul's): Then I will not read it, though I am not sure about that. However, this man, as a regular speaker over the radio, one of the panel speakers, said some drastic things about the British empire and the British people. He said, among other things, that it was about time that Canada got in line with the other nations, got busy and told Britain where she got off in connection with the situation in India, and a few other things like that, which to my mind were more or less subversive. They were things that should not have been said over the radio in Canada in a time of war. What would we think of Great Britain if they started to criticize the way in which we were handling something in this country? I feel strongly on that question and have expressed myself on it before, but I under-

stand that nothing has been done about it, and this gentleman is still broadcasting. Are we to expect the same kind of thing again? I do not think the charge made by the Right Hon. Arthur Meighen with reference to a man of this type, bringing to the attention of the people of Canada such a situation, should go unchallenged. We are entitled to more of a reply than we have received so far.

Mr. LaFLECHE: Of whom was inquiry made?

Mr. ROSS (St. Paul's): The general manager.

Mr. LaFLECHE: I am sure that my hon. friend has stated all the facts correctly, and that being the case I join with him in condemning any man who speaks against either Canada or any of the nations fighting on our side. Naturally I shall read *Hansard*, note my hon. friend's words, and ask for a reply.

Mr. JAQUES: I associate myself with the remarks of the hon. member for St. Paul's. The general tone of commentator broadcasting in this country is thoroughly subversive, anti-British and anti-democratic, and it is time some change was brought about and some of these people were taken off the air.

Mr. DOUGLAS (Weyburn): This is a most inconsistent attitude. This afternoon the leader of the opposition made a very fine speech and the minister made a very fine statement of policy. I hope that what he said is the policy of the government, that censorship should deal only with matters pertaining to the winning of the war and should have nothing to do with interfering with expressions of private opinion in reference to our internal policy or even empire policies. Now, when these hon. members want to use the censorship regulations to take off the air or to restrict in some way Doctor Watson Thomson or anyone else who expresses views with reference to matters that are of concern to all the people of the British commonwealth of nations, then I say you are defeating the very purpose for which these censorship regulations have been set up. I have not only listened to Doctor Watson Thomson's broadcasts; I have been careful to get copies of them, and to check them over. Doctor Watson Thomson himself is a Britisher, not long out of Edinburgh, Scotland, and he has never said anything derogatory to the British empire or subversive to our war effort. He has expressed opinions which one can hear expressed any day in the week at public meetings in Britain, in the columns of the *Times* or in Hyde park.

Mr. GRAYDON: I am not very familiar with this matter, because I have not listened to the broadcasts or read what was said, but is not this the man who took a little time to deal with the Indian situation; and was it not a fact that many people felt that this was a matter which did concern the war effort? I am only suggesting that.

Mr. DOUGLAS (Weyburn): Yes, Doctor Watson Thomson did express his opinions with reference to the Indian situation, as have British members of parliament.

Mr. ROSS (St. Paul's): Without knowing anything about it.

Mr. DOUGLAS (Weyburn): I imagine he knows a good deal more about it than the hon. member for St. Paul's does; certainly he knows enough about it to be able to discuss it intelligently. It does not matter whether the members of this committee agree with what he said, or whether I agree with it. The fact is that the man has a right to express a point of view contrary to that which other speakers were allowed time on the radio to express, and in my opinion the minister and the government will make a great mistake if they ever tolerate the use of these censorship regulations to muzzle any man merely because the views he expresses do not coincide with their own. I hope the minister will keep to the policy he enunciated this afternoon, under which these regulations will be used to prevent subversive statements or anything that would harm the war effort, but that they will not be used to prevent people from freely expressing their opinions, whether they be in criticism of anyone in this country or even in constructive criticism of other members of the united nations.

Item agreed to.

Canadian Broadcasting Corporation—short-wave station, $640,000.

Mr. GRAYDON: I shall be very brief in what I have to say on this item.

Some hon. MEMBERS: Hear, hear.

Mr. GRAYDON: The applause of hon. members is embarrassing, and does not encourage me to extend my remarks at all. I wish to take this opportunity to mention one matter to the minister in connection with the broadcasting corporation. I believe this item, dealing with the installation of a short-wave broadcasting station, gives me an

opportunity to make some observations in connection with one of the factors which go to the root of the whole problem of broadcasting as far as public ownership in Canada is concerned.

Subject to the provisions of the act, the minister has jurisdiction over the operations of the Canadian Broadcasting Corporation. As a fairly close student of that corporation for some years, and as a member of the committee which last session went rather deeply into the affairs of the corporation, I think I can state to-day, conscientiously and unequivocally, that one of the real difficulties in connection with the broadcasting corporation lies in the tragic weakness of the board of governors of that institution.

I believe the minister will be the first to agree that if there is one thing the broadcasting corporation needs it is public confidence, which is vital and essential to the success of any agency of communication. As long as the present situation is allowed to continue, however, public confidence cannot be maintained in that institution. You hear this on every side, and I am sure I am reflecting a large measure of public sentiment in this country when I make that statement. This afternoon I make a sweeping condemnation of the board of governors of the Canadian Broadcasting Corporation. I condemn them on one ground in particular. After the recommendation brought in by the committee last year, I cannot conceive why the board of governors of the Canadian Broadcasting Corporation did not resign in a body, for in my opinion that would have been in the national interest. In expressing that broad condemnation of the board, I am willing to agree that there may be some good men who would have to take part in any such general resignation, but in all fairness to Canada and to the government I believe it was their duty to resign. I have taken that position previously, and I take it again to-day. If there is one thing above another which the broadcasting corporation should seek at all times it is to maintain and preserve a position of non-partisanship in this country. The people of Canada have a right to demand that there shall not be any shadow of suspicion in regard to partisanship on that board. I am not going to make special mention of the chairman, Mr. Rene Morin, but I will say that I do not think it helped, from the point of view of strict non-partisanship, to appoint as chairman of the board of governors a man who from 1921 to 1926 occupied a seat on the government benches in support of the Liberal party. I do not want to condemn him on that ground alone—

Mr. MACKENZIE (Vancouver Centre): Alone?

Mr. GRAYDON: Perhaps I should withdraw that; perhaps I was a little more careless in my phraseology than usual. In any event I would say that in itself would not be necessarily a ground for condemnation; but considered together with the situation that exists in connection with another member of that board, it makes a combination which I think should call for a complete reconstruction of the board of governors in the interests both of the broadcasting corporation and of our national life. Some three or four weeks ago the newspapers in this city and other places in Canada carried some interesting news with respect to another appointee to the board of governors. I refer to Mr. E. H. Charleson of Ottawa.

Mr. McILRAITH: A very fine man.

Mr. GRAYDON: I expected that would touch a tender spot. If I were in the place of the hon. member for Ottawa West, I would have interjected—but I would have made it more vehement than he has done. I think most hon. members of parliament usually know when they are going to be hit, before they are hit—and that is exactly what happened in this case.

I have never met Mr. Charleson, but I am condemning the system under which a member of the board of governors of an institution supposed to be entirely non-partisan, supposed to cater to the best interests of Canada, one in which public confidence must be maintained at all cost, can be chosen in this way. To say the least, I do not think it was within the bounds of strict propriety, nor do I think it was in the interest of the Canadian Broadcasting Corporation itself, or in the interests of Canada generally that a member of the board of governors of that organization should, if the newspaper report is correct—and I have never seen it denied—have been one of those who would preside at the election of officers for the Liberal Association of Ottawa West some three or four weeks ago.

I am the last one who would suggest that there should not be a meeting of the Liberal Association of Ottawa West. That in itself is quite a proper procedure. But I do question—and it is questioned not only by me but by people throughout Canada—the propriety of a man holding a position in an organization supposed to carry the banner of non-partisanship,

and at the same time presiding at a political meeting. Yet the government does not condemn this practice in any way. The man in question is left in his position, after having presided at the meeting of the Liberal Association of Ottawa West. To say the least, it was an improper thing to do. And if that is permitted, it would seem there is nothing to hinder any man on the board of governors of the Canadian Broadcasting Corporation doing the same thing.

I want to point out what I have pointed out before, namely that we need a new board of governors for the Canadian Broadcasting Corporation, a board of governors of which there could not possibly be any criticism. Let us have men and women who are outstanding citizens of Canada. May I repeat a criticism I have made before, namely that of a board of nine only one represents labour. Does anyone seriously contend that one out of nine would be a fair representation of labour's claim in Canada? Of course it would not. Not only that, but we must remember that not one member of the board of governors comes from organized agriculture. On other occasions I have asked the Prime Minister if, when making his appointments, he would make sure that a farmer might be chosen. So far that undertaking has not been given. A farmer has not been chosen, although there is a vacancy on the board.

May I only repeat what I have said on other occasions, that in the interests of this national institution we should see to it that the governor takes heed of the public warning I am now giving, namely, that I ask for the resignation of the board of governors of the Canadian Broadcasting Corporation. Let us have appointed to that board those who can command the confidence of the people of Canada. In any event there should be a wholesale resignation, so that there may be a wholesale reconstruction in the national interest, and also in the interest of the government and of parliament.

Mr. BLACK (Cumberland): I should like to inquire if the capacity to campaign in an election is one of the qualifications for membership on the board. I understand that the member on that board who comes from Nova Scotia actively campaigned on behalf of the Liberal party during the last election in that province. In view of the information submitted to the committee by the hon. member for Peel, it appears to me that to a considerable extent the ability to campaign must be one of the qualifications for these men to serve on the board. It would seem that they would have to be able to campaign at least on a political platform, if not over the air.

Mr. ROSS (St. Paul's): I agree with every word said by the leader of the opposition with respect to the report. I do not agree with what is contained in the report. It may be that the recommendations in it were carried out last year by the Canadian Broadcasting Corporation. But I do not see how the government, in view of that report, can still carry on in the same way, particularly when it was pointed out that the independence of the corporation from partisan control is to be assured by its constitution.

We had before us in that committee one of the outstanding electrical engineers on the continent, a gentleman who is professor of electrical engineering at the university of Toronto. Mention is made in the report about keeping the channels open. May I point out the importance of filling up our channels, and of taking full advantage of our opportunities under the Havana agreement. I say that already, through the attitude and the policy of the board of governors of the Canadian Broadcasting Corporation, many of those channels have been lost to Canada. It is all very well to say that under the Havana agreement we may be able to get them back in the future, but all one has to do is to read the observations of Professor Bayly to see what will happen.

The principle followed by radio stations, and backed by governors, is one of "what we have we hold". We must give more power to the private broadcasting stations, and fill up those channels, or we shall lose them, as sure as we are here. This is a technical subject, and one which could not be discussed adequately in the house. However, this question with respect to channels is most serious, so far as Canada is concerned, and I believe we should employ electrical engineers to make a proper survey for us, so that we may know what we are doing. While the subject is technical, yet I would urge upon the government the importance of preserving to Canada the channels we already have, and that we must guard against losing any more. There is no time to be lost. We have until six months before the expiration of the treaty in 1946. It takes at least six months to get the permits and everything arranged and one cannot build a fifty-thousand-watt station under a year at least, so that there is no time to lose. I commend the reading of the report to hon. members.

Item agreed to.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 139, for granting to his majesty aid for national defence and security.

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Bradette in the chair.

Sections 1 and 2 agreed to.

On section 3—Government may act as agent.

Mr. GRAYDON: May I ask if there is any significant or important departure in the provisions of this bill from those in the bill which was passed last year?

Mr. ILSLEY: No, there is not.

Section agreed to.

Sections 4 to 6 inclusive agreed to.

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

Mr. BLACKMORE: I think the third reading of a bill as important as this one could easily be deferred until the next sitting of the house.

Mr. MACKENZIE (Vancouver Centre): There have been no amendments offered to the bill, and it is absolutely within the rules to have it proceeded with immediately.

Mr. BLACKMORE: There can be discussion on the bill just the same.

Mr. MACKENZIE (Vancouver Centre): We have been discussing the bill for the last two months.

Mr. BLACKMORE: I am asking that the bill be read the third time to-morrow.

Mr. SPEAKER: Standing order 77 reads:

All amendments made in committee are reported by the Chairman to the house, which shall receive the same forthwith. After report the bill is open to debate and amendment, before it is ordered for a third reading. But when a bill is reported without amendment, it is forthwith ordered to be read a third time at such time as may be appointed by the house.

Mr. MacINNIS: I am not opposing the ruling, but is there not a rule that provides that the three readings of a bill cannot take place without unanimous consent?

Mr. SPEAKER: There is a rule that the three readings should not take place on the same day. But on occasions, such as the end of the session, it has been permitted to give a bill the three readings. Is it the pleasure of the house to adopt the motion?

Mr. BLACKMORE: On division.

Motion agreed to on division, bill read the third time and passed.

[Mr. Douglas G. Ross.]

SUPPLY

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

POST OFFICE DEPARTMENT

242. Inspection and investigation, $949,040.

Mr. BLACKMORE: The same thing is happening this afternoon as happened the other night. There is confusion in the chamber and I cannot hear what is going on.

The CHAIRMAN: We are dealing with item 242 on page 29 of the estimates.

Item agreed to.

244. Air and land mail services, $14,081,859.

Mr. GRAYDON: May I draw to the attention of the minister a matter which has been drawn to his attention in previous years, but which perhaps may be drawn to his attention this year with a little more force and conviction. Those of us who live in rural constituencies cannot help but be impressed by the changed situation with which our rural mail carriers have to cope. At this stage of the proceedings I do not wish to do more than register a protest with respect to the whole question of rural mail carriers and also to offer a suggestion which may be of some help in dealing with this matter. Faced with low incomes, many of our rural mail carriers have had to live on perhaps as low a level of sustenance as almost any class of people, and in the majority of cases on a much lower level than any who are directly or indirectly connected with the public service. The rural mail carrier, of course, comes very close to our agricultural population. He is part and parcel of the life of the rural people of Canada. I myself can recall in my early days on the farm having no better friend than the rural mail carrier who came to our gate every noon, and I think all of us who are farmers feel the same way about the rural mail carrier who always came regularly no matter what the weather, in good weather and bad. He was a public servant with whom the farmers and rural dwellers seldom found fault. As a class the rural mail carriers in Canada may be said to have carried out their duties in peace time and in war with credit to themselves and to the department with whom they had contracted, and to the satisfaction of the country generally.

But the rural mail carrier is now faced with rising costs of living and with an inadequate additional allowance. I believe it is something like five per cent which he has been allowed to cover the additional cost of gasoline and matters of that kind entering

into his operating costs. Yet he has at the same time seen other branches of the public service—true, technically perhaps they may not be parallel branches; nevertheless they are branches of the public service—receive the cost of living bonus while he is denied that right. I recognize that perhaps from the technical point of view the cost of living bonus would not normally attach to the remuneration received from a contract awarded by tender. Nevertheless I point this out to the minister, and with the sole object of expressing an opinion which is widespread among the rural mail carriers themselves: They feel that they are being treated differently from other branches of the public service, particularly the Post Office Department, in being denied, whatever the technical reason may be, and it may be a good one, the cost of living bonus which is awarded to other branches of the public service. They see the cost of living bonus paid in the one instance and not in the other, and it is difficult for them to understand why this distinction should be made.

I know what the minister's answer will be. But I wish to point out to him that that will not remove the dissatisfaction among the rural mail carriers. I want the minister to make a note of my remarks with respect to one question I asked and that is this: What has been the government's policy with respect to the opening of new tenders or allowing new tenders to be submitted for various routes where the original tenderer has not completed his term of contract but has found himself unable to carry on? I imagine the answer to that question would show a trend which would much more eloquently and adequately show the rural mail carrier situation than any words I could utter in this house.

I am not attempting to leave an impossible situation on the minister's doorstep. No one who has given an intensive study to the question of how to deal with the rural mail carrier situation could fail to recognize that the minister has a problem on his hands. As a private member of this house I have given as much study to it perhaps as most, and I am in a position to say that I have some sympathy with the minister when he attempts to find a solution of the rural mail carrier's troubles. Nevertheless that is not a sufficient reason why there should not be a forthright attempt made to solve these troubles. There have been many more difficult jobs which this parliament has undertaken, and I condemn the government for not at least making an effort to solve the problem once and for all. Surely the fact that the problem is a difficult one should be a challenge to the government to solve it rather than a signal to do nothing about it. I believe that this session should not have been allowed to reach its present stage without the minister having asked parliament to set up a committee of this house to deal with the problem of the rural mail carrier in Canada. I have sat in this house for some eight years since 1935, and whenever a departmental estimate covering the rural mail carriers has been up for consideration, I have seen men on all sides of the house offering suggestions in this committee of the whole, some constructive, some just suggestions, but all offering criticism, and I have seen the minister, whether it be the present minister or his predecessors, always writhing a little under the criticism but not knowing which way to turn for a solution of the problem.

I make this suggestion to the minister. Perhaps it is too late to set up a committee of the house this session, but if he is unable between now and the time parliament meets again to make any more headway than he and his predecessors have made in the past in solving the difficulties of the rural mail carriers, I think he owes it to the rural mail carriers, and owes it to parliament, and I am not so sure but what he owes it even to himself, to ask for the appointment of a special committee of the House of Commons to find ways and means by which the rural mail carriers may be put in a position at least comparable with other government services, not only in the Post Office Department but other departments as well.

Much good could come out of the calling of witnesses and the taking of evidence of the mail carriers and from the broad discussion which could be had by such a committee. At least it would show the mail carriers that we as a parliament were prepared to come to grips with this problem and, if possible, make recommendations leading to a satisfactory settlement of their difficulties once and for all. We owe them that attempt at least. Their situation I feel is a challenge to parliament and to the government which we have failed too long to take up. I make that suggestion in the hope that it will be accepted by the government to bring about an overdue reform in the situation of the rural mail carriers of this country.

Mr. GRAHAM: I wish to call to the attention of the minister the fact that the hard times through which we passed in Saskatchewan led a good many of our farmers to tender for mail routes for an absurdly small remuneration. It was a question of getting some income rather than no income. Like the leader of the opposition, I think the Post Office Department must consider the changed

times and the importance of the service being done by these mail route carriers, and the country should see to it that, in spite of particular emergencies which may force some to offer their services for very small compensation, they should receive fair and reasonable remuneration for the work they do. We expect of them utter honesty and unvarying service in good and bad weather and under all sorts of conditions. I hope the Postmaster General will give most generous consideration to this question of adequate remuneration for rural mail carriers.

One question I should like to direct to the Minister may not come under this item; if it does not, I ask the indulgence of the committee. With regard to the city of Swift Current, as the minister probably well knows, I have been pressing upon the department two necessities. One is the improving of the status of the post office, so that the staff will come under the civil service commission and some provision will be made for those employees who have spent a lifetime in the service of the department. Another is that the city has now reached an importance in size and population which would warrant a carrier house delivery. I would appreciate it if the minister would indicate what attention the department is giving to these oft-repeated requests.

Mr. DUPUIS: I, too, wish to say a word about the position of rural mail carriers. It interests me very much because I have been in touch with many of the representatives of the rural mail carriers' association, and in a measure I am in a position to know their wishes and requests. I can tell the committee from my personal knowledge that the Postmaster General is very much interested in this question and, I am sure, has been trying for many months past to solve the problem. The idea of appointing a special committee of the house to study the requests of these carriers is a good one, if the problem cannot be solved by the department alone. Since the beginning of the war there has been considerable competition in respect of these routes, and it is clear that the tender system, whereby farmers seeking to get some more revenue make bids at too low a price, is not the best system which can be applied if fair and reasonable remuneration is to be granted for the work done. I know of many instances where these men are working at a loss, and it is only fair that carriers should receive sufficient payment to make a little revenue out of the work. I remember the days when I myself was a railway mail clerk and used to meet many of these people. At that time the same problem existed, although it was not then so acute as it is now on account of the war. I associate myself with all hon. members who would contribute constructive criticism and suggestions to the Post Office Department with a view of rendering justice to these mail carriers. I sincerely sympathize with them, and I know the people whom they serve are well aware that they are inadequately paid. This condition should be remedied. I repeat that I recognize the anxiety of the minister to find ways and means of settling the problem, and I am sure he is sympathetic to those who are affected by it.

Mr. MacNICOL: I have one question to ask the minister which I think could be answered before six o'clock. I have a letter from the father of a son who is serving in the Royal Navy, and I will read a part of it. He states:

> When we send a parcel to our son we are limited to five pounds because he is in the Royal Navy. I sent him one to-day, and it contained one pound fruit cake, one pound assorted biscuits, a small package of dates and a bit of cheese. I figure he would clean that up in an hour. If he had been in the Canadian forces we could have sent him eleven pounds, at least enough to do him overnight. There may be a reason for it but it looks odd.

Is that correct, that we are allowed to send a parcel of only five pounds to those serving in the imperial forces, either on sea or on land, but that we can send an eleven-pound parcel, I assume at the same rate, to those serving in the Canadian forces? If so, it is not fair, because many of our boys have enlisted in the imperial navy, in ships and other services.

Hon. W. P. MULOCK (Postmaster General): I wish to thank the hon. member for Davenport for having brought that matter to the attention of the committee, in order that there may not be any misunderstanding about it. First of all, as regards the rate, the rate per pound is the same. As regards the weight, the statement he makes is correct, but the regulation about weight is not one made by the Canadian government; it is made by the British government.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MacINNIS: I wish to associate myself with the remarks made by the leader of the opposition, the hon. member for Swift Current, and one or two others in regard to the rural mail carriers. This question has been up, when

the post office estimates have been under consideration, for a number of years. If I remember aright, we had this problem during the years from 1930 to 1935, at least before the present Postmaster General took office, and apparently it does not matter which government is in power, it has been found impossible, or at any rate there has been an unwillingness, to do anything. The time has come when we should have more equality in employment, particularly in the public service. We cannot expect private employers to attempt any equality in private enterprise unless the government first tries to have equality in the public service. It may be said and it is said that the rural mail carriers are themselves to some extent responsible for the conditions under which they work because they outbid one another for these positions. If they do that, obviously it is done because of their necessity and not from choice. There is no position in the public service, from the Postmaster General down, for which someone could not be found at less money if he had an opportunity to take the position. But that is no reason why there should not be an investigation and some plan worked out by which mail couriers would be given a living wage the same as persons in other employment are entitled to to-day. I hope the Postmaster General will consider what has been said to-day on this question.

There is one other matter to which I wish to refer. I believe it was brought to the attention of the Postmaster General when he visited Vancouver early in the year. The postal employees in Vancouver have some grievances, and although my information comes from that city I understand that this condition is general throughout the postal service in Canada, or at least in the larger cities. I have before me the Vancouver *News-Herald* of January 14, 1943, and a report there bears out the statements made to me in correspondence from post office employees in various parts of Canada.

Their first grievance is that order in council P.C. 32/1905, passed on May 10, 1940, set the quota of the permanent staff at, I believe, ninety per cent of the total staff, but that since that time, on account of changes that have taken place in the staff, the ratio of temporary to permanent employees is about twenty to eighty instead of ten to ninety. The way in which this works out is this. Men who came into the service as far back as 1937 are still temporary employees, still on the lower wage of $85 a month. There may be some cost of living bonus or something within the last couple of years. At any rate that is the condition which prevails. Where there is a possibility or, indeed, a probability, as in this case, that these employees will ultimately become a part of the permanent staff they should be taken into the permanent staff after a period of time, regardless of whether they comprise eighty-five or ninety-five per cent of the service as a whole. To fix an arbitrary number of permanents as compared with temporaries is, in my opinion, wrong. I am not referring to war workers. After an employee is taken into the normal service and has served a year or a year and a half or even two years as a temporary, he should automatically be taken on to the permanent staff.

Another matter with regard to the Vancouver post office is the large amount of overtime that is being worked, but the only overtime that is paid for in cash is, I believe, about thirty hours during the Christmas rush. All the rest of the overtime is paid for by time off, and as at January 1, 1943, the excess overtime in the Vancouver post office was approximately 18,500 hours. If you have a state of the labour market where there is a scarcity of labour so that instead of having to work less time people are compelled to work overtime, it is utterly impossible to compensate for this overtime by time off. I suggest that the government adopt the policy of paying for all overtime in cash in the same way as it is paid for in ordinary employment.

There is one other grievance which I can state better by reading a paragraph in a letter I received from the national treasurer of Canadian postal employees. I quote:

> Our holidays are given on seniority and a junior man (one with less than two years steady employment) may go on his holidays before he has earned his full leave period. After his holidays are over and should he be called to the army, he must refund the money he has received for the days he was on leave that he had not earned. (He is allowed 1½ days per month.) But, and here is the catch, should he have time coming to him for overtime he has worked, well, he gives that for the good of the post office.

It seems to me that if this matter of time works in one way, in favour of the government, it is only just that if the government owes something to the employee, he should be paid. These things are so small that it is amazing to think the post office authorities would allow them to remain as irritants affecting the morale of the civil service. I hope the Postmaster General will take note of what I have said, and I should be very glad if he could make a statement at this time as to the steps that are being taken to remedy some of these complaints.

Mr. STOKES: I should like to bring to the attention of the minister a matter that has to do with the service given many of our people who live in rural areas; I am not going to say anything in regard to the remuneration of the mail carriers, because the minister has heard enough about that. Two years ago I understood the department was loosening up a little in the regulations governing the laying out of routes, and were granting the privilege of rural mail delivery to people living on what might be described as dead-end roads. We have in my district several such places with which I am personally acquainted, which are not served by the mail carriers, and I wish to draw the minister's attention to the fact that the inconvenience to which these people are put in having to go some distance for their mail is a much more serious matter now than it was a few years ago. They are short of help; perhaps the children have all grown up and left; there may be only the man and his wife remaining on the farm, and they may have to travel some distance for their mail. With the present shortage of gasoline I believe they have a real complaint, for they are taxpayers just the same as the people who live on the other roads, who are given better service. I have in mind one case in particular, of a man who lives on one of our trunk highways, midway between the village in which the post office is located and the cross-road which is travelled by the mail carrier. This man must either go into the village for his mail or have a box at the cross-road, which is a considerable distance away. I should like to ask the minister if in a case like that it would not be possible for the man to get his mail from the bus which delivers the mail to the village.

Last year when these estimates were under discussion I mentioned the closing of a sub-post office in the city of Belleville, which meant a considerable hardship to a number of people just outside the city limits and some little distance from the city post office, to which they must go for their mail. This sub-post office has been closed now for perhaps a year and a half. I believe it was closed on account of some question over the cost of the building and the remuneration of the postmaster. When we were discussing these matters last year the minister promised to give consideration to this situation, but so far the condition has not been remedied. These are the two items I should like to draw to the attention of the minister.

[Mr. MacInnis.]

Mr. MacNICOL: What is the present remuneration for a full-time postman in the city of Toronto, say, who has been in the service for some years?

Mr. MULOCK: $1,500.

Mr. MacNICOL: And nothing more?

Mr. MULOCK: The uniform, carfare, boots, raincoat and the cost of living bonus.

Mr. MacNICOL: How many holidays with pay does he get?

Mr. MULOCK: Eighteen days.

Mr. MacNICOL: That is about three weeks?

Mr. MULOCK: Yes.

Mr. MacNICOL: I am not going to say anything more about that at the moment, but it does not seem sufficient remuneration for men who have such responsible positions and who perform such arduous duties.

Mr. MacKENZIE (Lambton-Kent): The question of the remuneration of rural mail carriers has been discussed at some length. Recently some confusion has been caused through a war-time bonus which has been granted to underpaid rural mail carriers, at least to help defray some of the increased cost of operation. I believe that matter should be explained at this time, in order to clarify the situation. Many of the mail carriers are under the impression that if the contract is changed by adding a war-time bonus, the contract is broken and will have to be advertised. That is not my understanding, and I should like the matter cleared up. If they are granted a war-time bonus in order to help meet the increased cost of operation, the contract is not broken. After the war, when conditions return to normal, the carrier may decide whether he wishes the contract advertised or whether he wishes to revert to the original terms. If that could be explained at this time, I think it would clarify the situation.

Mr. SLAGHT: I have a word to say with regard to the rural mail carriers, but before touching upon that matter I should like to pay a tribute to the Postmaster General, who, in my view, in his short regime has fully measured up to the illustrious reputation made by his revered grandfather, Sir William Mulock, in service to Canada.

I believe the department showed wisdom last year, when renewing these rural mail contracts, by increasing in a reasonable and proper way the remuneration paid these mail carriers. In the last five years in my district of Parry Sound I have investigated practically every route and every carrier engaged in this

important work, and I believe every carrier in my district has been and still is underpaid in relation to the service he renders to his country. There is a tradition among mail carriers, and I fancy it is not peculiar to my own district, that his majesty's mail must go through. In the winter time, with six feet of snow on the roads, with a twenty-six mile route, when the car will not start and the roads are blocked, though the horses have to be harnessed to the old sleigh, his majesty's mail must go through. We cannot run riot in the matter of increases; but if my memory serves me correctly, in the last year the department had been more liberal in renewal contracts, in seeing that in deserving cases there have been increases. We sometimes forget the service these men render. I should like to add my voice to those of hon. members who have already said that the rural mail carrier is a splendid servant of the country, and that he should receive fair treatment in his contract.

Mr. MULOCK: First of all, the hon. member for Lambton-Kent referred to certain orders in council. I have sent for them, and they will be here in a moment. I shall be glad to give the contents of those orders in council to the committee.

In the meantime, however, if I may, I shall deal with some of the matters raised by the hon. member for Vancouver East. The hon. member first referred to the question of overtime. May I say to him that I was in Vancouver, and attended a meeting with the officials of the department. We met the representatives of the employees' association out there, and discussed with them their troubles and difficulties. They have troubles; in a large measure what the hon. member has said is correct. And there are troubles of a similar nature at other points across Canada.

I had intended making a statement with respect to overtime, and perhaps this would be the appropriate opportunity. I would point out that the situation in the Post Office Department, owing to war activities and the depletion of experienced staff by enlistments and the like, has produced a condition with regard to necessary overtime, because most of the work can be handled by men of experience only. It has, therefore, become necessary to meet this condition, on account of the impossibility of liquidating overtime by compensatory time off.

The action taken under the War Measures Act, after a careful review of all post office difficulties, has resulted in the decision that, for the duration of the war, overtime will be liquidated as far as possible by granting corresponding time off. That which cannot be liquidated in this manner by the end of the month following the month in which the overtime was worked, will be paid for in cash at the pro-rata rate of salary which the employee is receiving, provided that the minimum rate of payment shall be sixty cents an hour.

The classes affected throughout the year are postal clerks, senior mail porters, mail porters, postal garage repairmen and postal chauffeurs. During the Christmas heavy mailing period and on statutory holidays the following would be included: letter carriers, senior letter carriers, letter carrier overseers, postal garage foremen, and senior postal clerks—the latter only when engaged on manipulative duties.

During normal times, if letter carriers work overtime, the situation is taken care of by a revision of the routes, rather than by payment for overtime.

The second matter raised by the hon. member for Vancouver East was the question of allowing leave at the rate of one and a half days per month of service. This applies to the whole service, I am advised, and is regulated for the service by the civil service commission. I shall draw this matter to the attention of the commission.

Then, the matter in connection with the ten per cent of temporary employees and ninety per cent permanent is one which is receiving serious consideration in the department at the present time. As a matter of fact, it has been brought to the attention of treasury board. I believe I have dealt with the three points raised by the hon. member.

Mr. MacINNIS: Replying to a question by the hon. member for Davenport the minister said that the annual salary in the Post Office Department was $1,500.

Mr. MULOCK: Plus cost of living bonus, plus certain clothing.

Mr. MacINNIS: In what category would the employee be who received that salary?

Mr. MULOCK: I understood the hon. member for Davenport was asking about a man who had been on for some years.

Mr. MacINNIS: I understood the salary for a letter carrier was higher than that, that he began at $85 a month, and received that amount while a temporary employee. When he is made permanent I understood he received $1,740.

Mr. MULOCK: The $1,740 is for postal clerks. The range for letter carriers is $1,020 to $1,500.

Mr. ROSS (St. Paul's): As far as the post office service in Toronto is concerned, I should like to sound a note of appreciation of the efficient manner in which the postmaster in that city, Mr. Gibson, has done his work. It will be realized that he has had to work under great difficulties, because the post office at Toronto is at the present time very much overcrowded. Our new post office building is now in the possession of the Department of National Defence, with the result that the post office is operating under a tremendous handicap. Despite that, however, our postal employees are doing a marvellous job. It must be remembered that this is war time, and there is more mail to carry. Our postmen, the fellows on the street, who go from house to house, are always cheerful and always willing to do their best for anyone. If one has any kick about the delivery of his mail, all he needs to do is to inform the postman, and he will look into the matter. I cannot speak too highly of the delivery service we have had under Mr. Gibson, and of the wonderful esprit de corps in the postal service.

There is one improvement I should like to see. It is known that at the present time there are many employees on the part-time list. It seems to me they should be put on the permanent list as quickly as possible, because until that time their position is to some extent insecure. I imagine there are fewer on the temporary list now than there were before, but even so I say that with all the work they have to do in these days they deserve great credit and should be placed on the permanent list.

Mr. MACKENZIE (Vancouver Centre): Carried.

Mr. ROSS (St. Paul's): The Minister of Pensions and National Health seems to want to have this carried in a hurry. Apparently he does not want me to sound the praises of the Post Office Department. I will say that these employees deserve whatever can be done for them; because, after all, I do not think many hon. members would want to shoulder on a hot day one of those big mail bags the postmen carry. As the hon. member for Parry Sound has said, it is his majesty's mail, and the mail must go through.

Mr. MacNICOL: What has been the success in connection with the carrying of air mail? I understand it was very satisfactory last year. Would the minister indicate the increase in poundage? What is the tonnage, and what is the revenue?

Mr. MULOCK: I would advise the hon. member for Davenport that the number of pounds carried last year by Trans-Canada Air Lines Limited was 2,308,812; the estimated maximum number of pounds bearing Canadian postage and originating in Canada was 1,771,972; the estimated revenue at $2 per pound was $3,543,944. The estimated profit on operations, allowing a varying amount from fifteen to thirty per cent for write-off for duplications, transfers of mail from one plane to another, United States mail for United States troops, and things of that kind, amounted to $321,573. That was the profit on the operation of Trans-Canada as far as the Post Office Department was concerned. That is quite an improvement over previous years. In 1940 there was a loss of about $1,375,915, and in 1941 this loss had been reduced to $644,762. I am glad to be able to tell the hon. member that the first five months of this year showed a profit of $583,514. Last month the number of pounds carried amounted to 315,452, with an estimated profit for the month of $129,005.

Item agreed to.

Pensions and other benefits—

246. To provide for the payment of compassionate allowances to employees injured while in the performance of their duties, or to other persons injured while performing duties in any way connected with the postal service, or in protecting his majesty's mails, or to the dependents of such employees or other persons who may be killed while so engaged; payments to be made only on the specific authority of the governor in council, $5,000.

Mr. SHAW: Who would be entitled to these compassionate allowances, and what is the method of disbursement?

Mr. MULOCK: This is a blanket provision for cases of this kind which may arise. This item was first inserted in the main estimates in 1924-25. Prior to that, provision was made in the supplementary estimates for specific amounts, but that meant that financial assistance could not be given until the supplementary estimates were passed. This sometimes worked a hardship on those persons to whom relief was to be accorded. By means of this item financial relief can be granted by the passing of an order in council. It was not necessary to use any of this vote last year.

Mr. SHAW: Would this apply only to permanent employees or to all employees?

Mr. MULOCK: It would apply to any employee injured in the course of his duties, whether he was permanent or temporary.

Mr. GRAHAM: Would the Postmaster General be kind enough to answer the question I put before the dinner recess?

Mr. MULOCK: The hon. member for Swift Current has been rather insistent about this matter since I was appointed. We have had a survey made of the situation in Swift Current. At the present time it is serviced from the central office. The survey shows that Swift Current is growing steadily and the growth seems to be of a permanent nature. However, on account of the war we have not been making any new extensions where this can be avoided. It is not only a question of finance; it is a question of conserving manpower. However, the matter is being watched, and if efficient service requires that something should be done, the situation will be reconsidered. I can assure the hon. member that he has not been forgotten.

Mr. MacINNIS: Are the post office employees covered by any form of workmen's compensation?

Mr. MULOCK: The provincial compensation acts are made available to the employees through the medium of the dominion act.

Mr. MacINNIS: This does not cover occasional labour?

Mr. MULOCK: No. The hon. member for Lambton-Kent asked me to put something on the record dealing with this question of mail carriers. I would refer hon. members to P.C. 4960, which reads:

Whereas by orders in council P.C. 2311 of the 24th March, 1942, and P.C. 5833 of the 7th June, 1942, authority was given the Postmaster General to negotiate with contractors for the performance of mail services in the dominion, who are operating under contracts not equitable from their standpoint in view of the changed conditions owing to the war;

And whereas the Postmaster General reports that the power thus granted involves the cancellation of each contract so dealt with and the carrying on of the service under a temporary arrangement to cover the period up to the termination of the War Measures Act, at which time tenders must be invited to place the contract arrangements on a regular basis;

That the action taken under the power granted by these orders in council shows that the rates negotiated represent a smaller percentage increase in operation costs than is shown in the cases of tenders invited, and is therefore economically sound;

That from the outset, and since this system has been in operation, many contractors who require increased remuneration to carry on the services have stated they would very much like to revert to their present contract terms after the war;

That the terms of the contracts which have been dealt with have ben very favourable indeed from the standpoint of the Post Office Department, and possibly much more favourable than will be obtained immediately after the war; and

That, after careful study, it is considered that it would be decidedly advantageous to classify any increases granted under this authority as in the nature of war-time bonus, retain the original contracts in operation, and revert to the actual contract terms upon termination of the War Measures Act.

Therefore, His Excellency the governor general in council, on the recommendation of the Postmaster General, is pleased to order and doth hereby order that whenever possible the contracts which have been dealt with or which may be dealt with be retained in full force and effect and that any increases granted under authority of said orders in council P.C. 2311 or P.C. 5833 be discontinued when the War Measures Act is rescinded.

Mr. ROSS (St. Paul's): Is there a complete mailing list available, say in the city of Toronto, which gives the street numbers and so on as revised from time to time? I send out a certain amount of literature as a member of parliament to a great many people in my riding, and I get a certain number of replies. I try to keep my list up to date, but changes are occurring from time to time. I was just wondering if a list were available which people could consult.

Mr. MULOCK: No.

Mr. ROSS (St. Paul's): It might save a lot of trouble if the mailing list were made available, because when a person takes a piece of literature out to a man's address and finds he is not there he has to bring it back and then it has to be mailed back to the sender. I could never understand why the mailing list was not made available to the people. We had an example in Montreal lately in connection with an enumeration containing several wrong addresses, which could have been checked if a mailing list had been available. Would the minister tell me why it is not available?

Mr. MULOCK: Because it is a householder's list; it is addressed to a house, not to an individual.

Item agreed to.

DEPARTMENT OF NATIONAL DEFENCE

Normal services—

175. Miscellaneous maintenance and adjustments (war of 1914-18), $20,720.

Mr. DOUGLAS (Weyburn): Following up a question I asked of the minister some time ago, has he received any report on the fire in the Regina barracks yet?

Hon. J. L. RALSTON (Minister of National Defence): Yes. But I have not the memorandum here. There has been no final report as yet. The fire occurred on May 25, and a board of inquiry was immediately convened. A preliminary report was received, and I think I intimated to my hon. friend generally

what was in it. Further inquiries were made by me. On June 16 we received a report that the district officer commanding considered it necessary that the court of inquiry be not pressed to conclude, because some further investigation was being made at the time. I had word about a week ago, saying that the report of the board of inquiry would be in almost immediately.

Mr. DOUGLAS (Weyburn): Will it be made public?

Mr. RALSTON: I do not think it will be made public, but I would have no objection to showing it to my hon. friend or any other hon. member.

Mr. DOUGLAS (Weyburn): Some time ago I brought to the attention of the minister conditions in the barracks at Saskatoon. While I was west attending the military camp at Dundurn, I had occasion to make inquiry about the barracks at Saskatoon, and I was pleased to learn that there seems to be general satisfaction with the present conditions in the barracks. I think it is only fair that I should express that and the general pleasure of the men in living in barracks since steps have been taken to make them much more habitable. In his reply to me at that time the minister said, as reported at page 3160 of *Hansard:*

> In connection with the conditions at Saskatoon, I have not had a report of the kind my hon. friend refers to. It might not come to me, but the inspector-general is rigorous in these matters. The depot at Saskatoon is to be amalgamated with Regina and the conditions that prevail there will not have to be borne very long.

I just wanted to know on what the minister based that statement. I was surprised on making inquiries to find that the depot was moved a year ago. Perhaps the minister was misinformed.

Mr. RALSTON: I presume the officer before me at the time gave me that information.

Item agreed to.

DEPARTMENT OF TRANSPORT

Canals service—
361. Canals — Operation and maintenance, $2,529,992.

Mr. MacNICOL: May I ask, in reference to the Rideau canal, what it costs to operate, how many employees are engaged in operating the canal, and what tonnage passes through the canal per year?

Hon. J. E. MICHAUD: In 1942, 171 vessels and 1,727 tons of freight passed through the canal. The cost of operation was $188,800.

[Mr. Ralston.]

Mr. MacNICOL: What tonnage passed through St. Andrew's locks on the Red river?

Mr. MICHAUD: I have not that information.

Mr. MacNICOL: You cannot send a boat down the river from Winnipeg without its going through St. Andrew's locks. They are north of Winnipeg on the Red river in Manitoba.

Mr. MICHAUD: I do not think it is administered under the canals branch; it must be administered under the harbours board.

Mr. MacNICOL: If the minister has not the information on hand, it will do at another time.

Mr. BLACK (Cumberland): Has any consideration been given by the department to construction of the Chignecto canal in connection with the defence ministries? It is considered by many who have given attention to the matter of the construction of this canal that if it were in existence at the present time, it would be a valuable military and naval asset; it would reduce the mileage and the dangers of transportation on the Atlantic coast and the St. Lawrence. I should also like to know whether there have been any negotiations with the United States authorities with respect to the construction of this canal, along the same line as the negotiations which were carried on with respect to the Alaska highway. I can understand there may be some necessity for secrecy in these matters. On the other hand, it is not likely that it could be built to serve in the present war, but existing world conditions and naval and military requirements would indicate an urgency for the construction of this canal, purely from a military point of view, leaving all to the good the desirability of having it as a commercial transport route. The minister understands, as do hon. members of the committee, that this canal was projected two or three hundred years ago by the early French settlers, and it would have been constructed many years ago if some engineers who were ultra modern but who, as conditions have developed, were impractical, decided that a ship canal should be constructed there to give transportation to vessels and shipping across the isthmus. The isthmus is about fifteen to sixteen miles distant. Could the minister give a statement with respect to this matter, and has he had any conferences with the ministers of defence or the United States authorities?

Mr. MICHAUD: Since I have been in the department, no consideration has been given to this project, and I believe that none has

been given to it since 1939; that is, since the war started. No demand that I know of has been made on the department for the construction of this canal for military purposes; none has been made by the United States, and no negotiations have been carried on with the United States since the war began. I believe it would be a good post-war project, for consideration as soon as the war is over.

Mr. MacINNIS: I have received a complaint from employees of the Welland canal, linemen, bridgemen, wiremen, weighmen, and statistical clerks. These men, I understand, are dissatisfied with wages and working conditions, and apparently they have been unable to get satisfaction from the department. They made an application for a board under the Industrial Disputes Investigation Act and asked the department to concur in the recommendation. I have here a letter dated June 28, 1943 and signed by the deputy minister of transport. It is short, and I will read it:

Dear Sir,

I have your undated letter enclosing an application signed by a number of employees of the operating staff of the Welland canal, seeking the appointment of a board of conciliation to consider grievances concerning wages and the methods of promotion now in effect on the Welland canal. Upon inquiry I am advised that the Industrial Disputes Investigation Act, under the provisions of which boards of conciliation and investigation may be established, is applicable to industry only, and not to the public service of Canada.

In view of the fact that apparently these employees cannot go before the tribunals set up by the government to deal with the grievances of persons in the employ of private companies and now, I believe, in some crown companies, what procedure is available in the department to adjust grievances? Is there any machinery by which employees can get their grievances heard? There is considerable information in the file which was given to me, but I have had it so short a time that I have not been able to make myself acquainted with its contents, and consequently I am not in a position to judge definitely as to what they want.

Mr. MICHAUD: I thank my hon. friend for having given me the information and read the letter. I gather that these employees are permanent members of the staff or in the position of permanent members and they would come under the jurisdiction of the civil service commission, which has sole jurisdiction over the establishment of their classifications and their remuneration as well. Therefore their claims for increases of wages or changes of classification must be addressed to and adjusted by the civil service commission.

Mr. MacINNIS: I wonder whether the minister and the officers of his department gave consideration to the fact that war conditions have considerably upset normal relations in the matter of wages and working conditions. I think that particularly applies in the civil service, where conditions are much more rigid than they are in ordinary private service, or in places where employees are more free to organize and put forward their claims. Government employees see on every hand other workers improving their position, either by way of increased wages or cost of living bonus, or considerations of that kind, by making application to the various boards which the government has created to adjust their differences, although these government employees themselves cannot appeal to any such impartial tribunal to settle their disputes. Is there any way by which these people can be heard?

Mr. MICHAUD: So far as I am aware, there is none apart from appeal to the authority under which they are working. Those classes of employees who come within the jurisdiction of the civil service commission must appeal to the commission for readjustment of their salaries or remuneration. They can always appeal to the head of the department, but even then the head of the department cannot override the decisions of the civil service commission except by act of parliament.

Mr. MacINNIS: That being so, when they write to the ministers' departments in matters of this kind would it not be a good policy for the head of the department to direct them to those persons to whom they should appeal in order to have adjustments made? There is nothing in this letter except the statement, "I am advised that the Industrial Disputes Investigation Act does not apply in your case," and they are left without any direction. I suggest that the officers of the department should direct them and should take a little more human interest in these employees than merely to give them a negative answer and say, you are in the wrong pew and there is nothing more to be said; you had better get out.

Mr. MICHAUD: If letters are addressed to the minister the writers will receive such direction as it is possible to give them.

Mr. GRAYDON: I believe it was the day before yesterday, or yesterday, that I handed to the Secretary of State, with reference to the

Welland ship canal operating and administrative staffs, in connection with whom complaints had been made, the correspondence in the matter with the understanding that an investigation would be made. Seeing that the minister whose estimates are now before us is directly involved, I wonder if the Secretary of State has conveyed to him any report that has been made in pursuance of the investigation which he promised to make for me.

Mr. MICHAUD: Not yet.

Mr. GRAYDON: May we expect something before the end of the session? I do not want the government to fall into the habit of allowing things to die at the end of the session, because that is a habit which I fancy is easily acquired. I hope it will not be too assiduously cultivated by the administration.

Mr. MICHAUD: I can assure my hon. friend that the representations in this matter will not die, but that as soon as possible they will be given consideration.

Item agreed to.

Canals service—

363. To provide for expenses in connection with St. Lawrence ship canal surveys and investigations, $7,500.

Mr. GRAYDON: Is this the annual vote, or is it new?

Mr. MICHAUD: It is the annual vote.

Mr. GRAYDON: It has been reduced by 50 per cent.

Mr. MICHAUD: Yes. In former years it was larger, having regard to the international situation, but now it has been reduced to the normal amount of requirements.

Mr. GRAYDON: Is the reduction from $15,000 to $7,500 the direct result of the fact that war-time expenditures along similar lines are being made in the channel?

Mr. MICHAUD: There are no war-time expenditures on this. It is for metering the flow of water in the ship channel.

Mr. ADAMSON: There is nothing new in regard to the negotiations about developments on the St. Lawrence deep waterways?

Mr. MICHAUD: No.

Item agreed to.

Marine service—

365. Marine service administration, $15,500.

Mr. MacINNIS: I have some questions to ask with reference to the loss of the ss. *Northholm,* near Cape Scott, last winter, into which an inquiry was held.

[Mr. Graydon.]

Mr. MICHAUD: I am under the impression that a return was made on this matter.

Mr. MacINNIS: I do not know about a return, but the minister was good enough to send me a copy of the court's report, and it is on the strength of that that I wish to ask a question or two. The ss. *Northholm* foundered some time last winter—I have forgotten the date—with the loss of fifteen men, all of the crew, I believe, with the exception of two who survived, from the number who got away in lifeboats. I ask this question because I believe that someone is to blame for this loss of life in allowing this vessel to go to sea under the conditions that obtained. I have here the questions which the court was requested to answer. I do not know who formulated the questions, but here they are:

Question: Did the master of the ss. *Northholm* take all reasonable means to save (a) the vessel, (b) the lives of those on board?

It is perhaps significant that the vessel comes first and the lives of those on board come second. The answer is:

The court thinks that more determined steps might have been taken to save the vessel and the lives of those on board, but in the absence of further evidence is not prepared to make an adverse finding in this regard.

Question: What was the cause of the loss of the vessel and the loss of life?

Answer: (a) Insufficient margin of stability and insecure battening down of hatches.

(b) Lack of leadership in getting the men into the lifeboat and away from the ship.

Question: Was the loss of the ss. *Northholm* caused or contributed to by the wrongful act or default of Frank McMahon the master, Ray Perry the mate, the owners or charterers, or any of them, and if so, which of them?

Answer: The charterers' marine superintendent knew of the improper practice of battening down hatches as was done in this case. Subject to this, and to the answers given to questions 4 and 5, no wrongful act or default was shown.

These are the answers to the specific questions asked, but there is an annex to the report. I should like to put on record a part of this report, because I am satisfied that someone failed to carry out the proper inspection, with the result that fifteen lives were needlessly lost. In the annex to the court's findings it is stated.

The court is of the opinion that with the deck cargo loaded as it was, the ship was not in a fit condition to proceed on the contemplated voyage, and that this was at least a contributing factor to the disaster that followed.

It should be noted that the ship was lost in a sea that was not considered at all rough. It was not a loss at sea on account of a storm; it was, as the court points out, a loss at sea on account of the way in which the

cargo was placed on the ship—I do not know the proper term for it—and because the ship was loaded beyond her capacity. The annex continues:

The court is also of opinion, after giving full consideration to all the evidence, to the material filed, and to the theories advanced, that when the vessel left Port Alice she did not have a sufficient margin of stability; that during the passage to Cape Scott such margin disappeared, due to water finding its way through the improper hatch coverings, saturating the deck cargo, and percolating into the hold. This resulted in an increasing list which eventually laid the engine room and stokehold open to the sea, and caused the vessel to founder.

The court, in view of the special features of this inquiry, thought it well to hear certain hearsay evidence which was tendered. In coming to its conclusions such evidence was ignored.

There was great difficulty in getting evidence in the case, because all but two of the crew had been lost, and the evidence of the two members who were saved after a terrible experience at sea, during which three or four others in the same boat had perished from the cold, was rather inconclusive or perhaps incoherent. From what I have read, however, and from the whole of this report I think responsibility should be placed on someone, because someone was guilty of allowing this vessel to go to sea under the conditions outlined in this report. I should like to know what steps the minister is taking to place that responsibility where it belongs.

Mr. MICHAUD: In the first place the hon. member understands that this was a private boat, not a boat owned by the government.

Mr. MacINNIS: It was not a boat owned by the government, but has not the government a certain responsibility, under the Canada Shipping Act, for the inspection of boats, of tackle and all that pertains to boats?

Mr. MICHAUD: I quite agree, but I wanted to establish that point first for the record. Under the Canada Shipping Act there is responsibility for inspection and also for checking the conduct and qualifications of certificated officers, if there were any on board, and there must have been at least one. All these matters have been investigated to a certain point. As to placing final responsibility by the department on any one person, I must confess that we have not yet reached that point. The findings of the investigation which was held, part of the findings of which has been read by the hon. member, have been under consideration; we are in communication with the marine officers on the Pacific coast with a view to clearing up this situation, but we have not yet come to a conclusion as to who is directly, finally responsible for the accident.

Item agreed to.

Marine service—

368. Marine service steamers, including ice-breakers—maintenance, operation and repairs, $1,357,000.

Mr. GRAYDON: Will any part of this money be utilized in keeping open the channel between Tormentine and Borden?

Mr. MICHAUD: This money is for the operating expenses of these boats. They are on regular runs, and unless they are assigned to a particular duty at a particular time they are not required to take special assignments or runs. As to the specific question in regard to the channel between Tormentine and Borden, there is no special schedule or assignment for any boat to do that work. It has been done when required, when any of the ice-breakers were available, and could reach the place.

Mr. GRAYDON: Is the channel between Wood island and Cariboo kept open during any of the winter months?

Mr. MICHAUD: No special assignment.

Mr. BLACK (Cumberland): There was some discussion with respect to the matter of transportation between Prince Edward Island and the mainland earlier in the session. Since that time, has any progress been made with respect to the procurement of a suitable ferry boat or a more adequate stand-by in the event of any serious accident to the present boat? There is no necessity to repeat the urgency for this provision, because the entire traffic from the mainland to Prince Edward Island depends upon this ferry service, which, as everybody recognizes, is inadequate. What progress has been made in the last two or three months with respect to procuring a new boat, or a stand-by for the present boat?

Mr. MICHAUD: It has been impossible to find a suitable boat on the north American continent. With regard to procuring a stand-by I would say we have one specifically assigned to be used as a stand-by to the *Prince Edward Island* in the event of an emergency. But some progress has been made in developing the plans, if it is built in Canada, of a larger ferry boat which would be the main ferry between these two points. Under those circumstances the *Prince Edward Island* would revert to the position of stand-by.

Item agreed to.

Marine service—

369. Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $1,980,128.

Mr. MacNICOL: Has any effort been made by the department to improve navigation on the Mackenzie river? At this time of the year, and in any event a little later in the season, north of Great Slave lake there is swift water, and it is necessary to pull the boats up the river. This is done by the use of a capstan and a long cable. Down the river there is considerable traffic, amounting to many thousands of tons a year. These are good boats, and passengers find it bothersome to have the ship anchored in the middle of the river and to have to wait until someone goes up the river with the cable, connects it on the shore to the capstan so as to pull the boat up the river. It is about time something was done by the department to improve navigation on that great river. I believe there is no doubt traffic would increase if the service were improved.

Mr. MICHAUD: The only work by way of improvement which has been done in that section in the last few years has been some dredging by the Department of Transport. I understand that the Department of Public Works has done some other work, but I am not familiar with the nature of it.

Item agreed to.

Marine service—

370. Agencies, salaries and office expenses, $286,165.

Mr. GRAYDON: What is meant by the term "agencies"?

Mr. MICHAUD: They are the different marine divisions in Canada ranging between Prince Edward Island and Victoria. They are at Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Prescott, Parry Sound, Victoria and Prince Albert.

Item agreed to.

Marine service—

371. Maintenance and repairs to wharves, $5,000.

Mr. ROSS (St. Paul's): Is $5,000 sufficient to maintain and improve wharves?

Mr. MICHAUD: The major repairs to wharves in Canada are made by the Department of Public Works. This refers to minor repairs to certain wharves from which we derive some revenue. We employ at least the amount of revenue we get from them in making repairs to suit the convenience of those using the wharves.

[Mr. Michaud.]

Mr. ROSS (St. Paul's): Where are those wharves?

Mr. MICHAUD: There are about 2,000 across Canada.

Mr. ROSS (St. Paul's): That works out to about $2.50 each.

Mr. MICHAUD: About that.

Mr. NEILL: I suggest this item should be cut out altogether, and the money taken out of the ordinary vote for public wharves, which is something like $100,000 for British Columbia alone. This item is a perfect nuisance in this sense: the rule is that any expenditure on a public wharf under $50 is done by the marine branch. If it is over that amount it must be done by the Department of Public Works. This very often results in confusion. Someone will report that a wharf needs repairs. A man will be sent, at an expense of about $100, to look into it. He may decide that the amount required to make the repair is $48.50, and therefore he washes his hands of it and makes a report to the agent of marine. Then, he will send a boat out or perhaps makes an inspection himself, and finds that the expenditure required would be $51.80, and that, therefore, he could not do it. Then it goes back to the Department of Public Works.

The Department of Public Works maintain an efficient staff of competent men, men who are thoroughly familiar with the making and repairing of wharves, and they go round periodically to make inspections. It would save a lot of trouble and bother if this were all under that department. The agent of marine looks at lighthouses, and things like that. It would be much better, and it would save a lot of trouble if wharf repairs were done by the Department of Public Works. Officials of that department make periodical inspection every year or as often as necessary; when they find little repairs are needed, they cannot do them, and they have to be taken over by the other department, with all the red tape and intercommunication involved. I cannot see how anything is a bit better, and certainly the public service is worse off with this arrangement, and we have a good deal of unnecessary trouble.

Mr. MICHAUD: I am glad of the suggestion made by the hon. member, and we will take it into serious consideration. Wharves are looked after by the Department of Transport, although they are built by the Department of Public Works. Lightkeepers are authorized to make minor repairs. They may repair a light when they find it is damaged. In the different buildings there are stoves and heaters which sometimes require minor repairs, and they are authorized to do

them up to $50. It may be better to have this done under Department of Public Works, and I shall look into the matter and make a recommendation.

Mr. NEILL: I was not talking about the lights, I was talking about public wharves.

Mr. ROSS (St. Paul's): It seems to me that one might as well move that the vote be reduced to one dollar because I think it is silly to have it in here. However, I shall not do that now, but do not let us have it in the estimates next year.

Item agreed to.

Marine service—
373. Administration of pilotage, $142,510.

Mr. ROSS (St. Paul's): Does this cover the great lakes or just ocean ports?

Mr. MICHAUD: Wherever there are pilots.

Item agreed to.

Marine service—
374. Life saving service, including rewards for saving life, $43,560.

Mr. GRAYDON: Session after session, as this item has come up, the hon. member for Broadview (Mr. Church) has taken a very active part in the debate, referring particularly to the need for life saving facilities on lake Simcoe, the lakes of the Muskoka district and the general lake Ontario area. The hon. member has suggested some important reforms in connection with life saving, pointing out, as the minister will recall or certainly as his predecessor will recall, that many sections of the lake must rely for life saving facilities upon what is supplied by metropoltan centres like Toronto. I draw this to the minister's attention and ask him if any such reforms have been made by the government. May I also inquire who have received these rewards during the past year ? I think it would be a matter of national pride and interest to have on the record the names of those who have been rewarded.

Mr. MICHAUD: The government has not yet decided to establish life saving stations on the inland waters of Canada. The only stations we have are on the Atlantic and Pacific coasts. We have not the names of those who have received rewards during the past year, because these are made by the humane societies, not by the department. A list could be procured and given to my hon. friend.

Mr. GRAYDON: I think the minister could consider adopting this suggestion. It often happens that those persons who are rewarded do not receive the recognition in the house to which they are entitled.

Mr. MICHAUD: I think the suggestion is a good one and I will see that it is carried out.

Mr. MacNICOL: The particulars of this vote to be found on page 219 of the estimates show four coxswains, four engineers and one second coxswain, or a total of nine men. There cannot be much life saving done with such a small number of men. The city of Toronto has its own life saving crews and equipment. I do not know whether Hamilton has, but I presume it would have similar crews and equipment. To what cities does this vote apply?

Mr. MICHAUD: It does not apply to any city.

Mr. MacNICOL: Where are these nine people operating from?

Mr. MICHAUD: My information is that there is a most efficient life saving station at Toronto operated by the city.

Mr. MacNICOL: I said that.

Mr. MICHAUD: The stations operated by the department are at Banfield, British Columbia; Clayoquot, British Columbia; Bayview, Nova Scotia; and Littlewood island, New Brunswick.

Mr. ROSS (St. Paul's): Toronto and other ports on the great lakes have most efficient life saving facilities. A greater tonnage of ships passes through the Soo canal than through any other canal in the world. In spite of the great number of ships that come down through lake Superior to lake Huron and lake Ontario, we do not get a nickel from the dominion government for life saving services. Toronto and other places on the Georgian bay have life saving crews, and I am proud of the work that has been done. Over a period of years loss of life on the great lakes has been quite small when one considers the difficulties of navigation and the lateness in the year, some time toward the end of December, that grain is brought down. It is only on two or three occasions that there has been any loss of life.

Item agreed to.

Marine service—
375. To provide subsidies for wrecking plants —Quebec and British Columbia, $45,000.

Mr. CRUICKSHANK: I should like to ask a question which may not come under this particular item. On page 15 of the Ottawa *Citizen* of this evening I notice that a special train of twenty cars is bringing race horses to the Connaught track, and that on Tuesday night another special train will be sent into Connaught. The people in my province are

told that they must curtail their travelling, but if this matter comes under wrecking I would direct attention to the fact that these race horses are being brought in to Connaught race track.

Item agreed to.

Marine service—
377. Miscellaneous services relating to navigation and shipping, including grants towards schools of navigation at Queen's university, $500, Vancouver, B.C., $1,500, and provision to settle claims by the board of trade, London, England, for expenses incurred in respect of Canadian distressed seamen of British ships registered out of Canada, $49,895.

Mr. ROSS (St. Paul's): I wish to commend this vote, but I must say that $600 in the previous vote for the sailors' institute at Port Arthur is very small.

Item agreed to.

Marine service—
380. River St. Lawrence ship channel—Contract dredging in the St. Lawrence river and Montreal harbour, including cost of administration—capital, $989,500.

Mr. MacNICOL: This amount has been reduced by over $1,000,000, with which reduction I am sure everyone is pleased. I have noticed lately that the water in Montreal harbour is higher than in other years, and I would ask the minister whether one of the reasons is the diversion into the great lakes of water from northern Ontario, particularly from the Kenogami river.

Mr. MICHAUD: I am told that the increased volume of water in Montreal harbour this summer is on account of natural conditions, not to any diversion of water.

Mr. MacNICOL: Whoever gave the minister that information has not given him correct information. That is the main reason, but another reason is that at present 1,200 cubic feet per second of water is being diverted from the Kenogami river into lake Superior and that is having an effect on the depth of water in Montreal harbour. Will the minister kindly convey that information to whoever gave him the information.

Item agreed to.

Railway service—
Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $39,370.

Mr. CRUICKSHANK: In the Fraser Valley to-day we have to transport haymakers from one district to another and we are not permitted any extra gasoline for that purpose. This is in order, Mr. Chairman, and I want it to be put on the record. It has to do with the railways. I quote from the Ottawa *Citizen* of to-day's date:

On Tuesday night another special will be sent up to Connaught park. Some of the horses will be vanned up and by Thursday next there will be about four hundred thoroughbreds within the Connaught park enclosure.

In British Columbia a van means a truck, and I feel bitterly that we are not allowed extra gasoline to transport haymakers from one part of the Fraser Valley to another while race horses for Connaught Park can be put into vans and hauled up and down the country.

The ACTING CHAIRMAN (Mr. McCann): Order. The discussion must be relevant to the item before the committee, which has to do with official railway cars.

Mr. CRUICKSHANK: All right. I do not particularly care that some people from British Columbia seem to agree that I am out of order on this point, but I feel bitterly that railway cars should be used to transport horses for race track purposes, so that officials of the wartime prices and trade board can play around at Connaught park when the farmers of my constituency cannot get extra gasoline to transport haymakers to where they are needed in the Fraser Valley.

Some hon. MEMBERS: Order.

Mr. CRUICKSHANK: If I am out of order, Mr. Chairman, I will sit down.

The ACTING CHAIRMAN (Mr. McCann): The hon. member is out of order.

Mr. ROSS (St. Paul's): The hon. member for Fraser Valley had the floor, and if he is out of order I think the Chair should state why he is out of order.

Some hon. MEMBERS: Order.

The ACTING CHAIRMAN (Mr. McCann): I brought to the attention of the hon. member that the discussion must be relevant to the item before us, which has to do with official railway cars and not race horses.

Mr. FAIR: I may possibly be out of order too, but the first items were passed so quickly that I was not quite prepared. In certain small stations a certain amount of business has to originate before the railways will maintain an agent there. There is a rumour that the railway companies are asking the board of transport commissioners to have that amount of business increased. I would ask the minister if there is any truth in that rumour, and, if so, will the people in the

district have an opportunity of making an appeal to the board of transport commissioners?

Mr. MICHAUD: I think the hon. member is right in saying that it is the policy of the railways to require a certain amount of business at a station to maintain an agent there, but I could not say whether the railways have made application to the board of transport commissioners to increase the amount of business required to maintain an agent. The department has not yet been informed of that.

Mr. FAIR: In case such an application is made by the railways, would the minister see that the districts affected have an opportunity to present their views?

Mr. MICHAUD: Certainly.

Mr. FAIR: I have one more question in connection with a decision made by the board of transport commissioners in March, 1942. It is in connection with decisions which have been made by the board of transport commissioners in March, 1942, and again recently, opening up the facilities at railway stations, even where elevators are located, allowing truckers to use their mechanical loaders which they have on their trucks, as well as portable loaders.

Mr. MICHAUD: I have no knowledge of such an order.

Mr. FAIR: I just wish to make a protest in connection with this. Farmers and farm organizations have been working hard in order to get the grain act amended so that abuses of the grain trade may be done away with; but if this decision stands and this practice is permitted to continue, I am afraid that a number of old abuses which took years to get rid of will be brought into being again. I am making this plea because I understand that certain companies are sending their agents out to the farm, buying bins of grain on sample, and at a certain price per bushel; there is no guarantee of grade, dockage or weight. They hire these trucks with mechanical loaders or in some cases use portable loaders at sidings to load the grain, and in some cases it has been found that the car leaks before it gets to the terminal so that the farmer loses the amount of grain which leaks out along the way. Several other abuses have been indicated to me. I would ask that this decision of the board of transport commissioners be gone into again with a view to withdrawing from truckers or truck companies the right to use their mechanical loaders or portable loaders at places where elevators are available. I am quite satisfied that a farmer or a number of farmers shall use their own mechanical loaders and portable loaders for their own accommodation; that is a right principle; then the farmers are looking after their own interests.

Item agreed to.

Railway service—
383. Hudson Bay railway—Construction and improvements—capital, $61,000.

Mr. ROSS (St. Paul's): The Hudson Bay railway has served a useful purpose and in the future will prove much more serviceable. A great many changes are taking place in these days in connection with railway transportation and haulage, particularly in respect of motive power. Would the minister give a little statement as to what is taking place in the development of motive power for the Hudson Bay railway? At the present time it is most important that we should have on all the main railway systems every locomotive which can possibly be handled, but at the same time the Hudson Bay railway needs to be serviced. Developments which have taken place include diesel electric locomotives, turbine locomotives, and things of that kind. What is being done by way of providing the necessary motive power as well as releasing such power as can be made available for other railways?

Mr. MICHAUD: The Hudson Bay railway proper does not own any equipment. All the equipment used on that line is rented from the Canadian National railway system. I do not know of any plans whereby special equipment is being designed or manufactured for that railway. The only equipment which is being used is of the kind required for the moving of freight and of passengers occasionally.

Mr. ROSS (St. Paul's): I suggest that we might discuss items 383 and 384 together. I think they are both on the same basis. The minister's remarks do not answer my question. As Minister of Transport he ought to know something about the Canadian National Railways as well. He says that all the equipment is being hired from the Canadian National Railways. I should like to know something about the whole situation. How much freight is going over the Hudson Bay railway at the present time; what are its requirements, and why is $200,000 needed in the current year? I suppose it is to take care of debts. What equipment have we there, and can it be replaced if necessary with other equipment?

Mr. MICHAUD: I just informed the hon. gentleman that we have no equipment on that road. What is being used is the equipment of the Canadian National railways, which operates

that Churchill branch. The government built the line, but it is being operated by the Canadian National railways, whose equipment is being used, as on any other section of the Canadian National railway system.

Mr. ROSS (St. Paul's): That does not answer the question. I have had so much respect for the minister based upon his administration of the Department of Fisheries that I thought that probably, when he got to this new position, he would be able to tell us all about it, for he is quite versatile. What I wish to know is the position with regard to the Canadian National and the Hudson Bay railways. Does the government operate the Hudson Bay railway, or is it leased to the Canadian National railways? What equipment is used, and is a deficit unavoidable? Are we using the road to the best advantage?

Mr. MICHAUD: I have already stated twice that the Canadian government does not operate the so-called Hudson Bay railway. The railway is being operated by the Canadian National railways on behalf of the Canadian government, and all the equipment used belongs to the Canadian National railways. There are two regular trains each week which operate from July 11 between the Pas and Churchill. One is a mixed train with sleeping and dining-car accommodation, and the other is a way-freight with day coach only. No grain was moved for export during the year, the elevator at Churchill remaining filled to capacity with grain handled in previous years.

Mr. ROSS (St. Paul's): Why do we put up $200,000 and $61,000?

Mr. MICHAUD: That is for the coming year. I mentioned 1942-43.

Mr. ROSS (St. Paul's): Why do we need this money?

Mr. MICHAUD: It is to cover any possible deficit for the current year.

Mr. ROSS (St. Paul's): I have one suggestion to make. Would it not be better if the Canadian National Railways took over the railway and ran it?

Mr. MICHAUD: That is what they are doing; they are running it.

Mr. ROSS (St. Paul's): Then, why do we need to have $200,000 in the votes? Why does it not come out of the Canadian National Railways?

Mr. MICHAUD: I thought my hon. friend knew the history of the Hudson Bay railway.

Mr. ROSS (St. Paul's): Yes, I understand it.

[Mr. Michaud.]

Mr. MICHAUD: If the hon. member understands it, why such questions?

Mr. ROSS (St. Paul's): Why not let the Canadian National Railways take it over and run it?

Mr. MacNICOL: Is the $61,000 not for capital expenditures, included in which are new sidings?

Mr. MICHAUD: Yes.

Mr. MacNICOL: Which are very necessary. I congratulate the people who are operating the railway upon reducing the deficit from $490,000, as shown in item 384, to $290,000. It shows what can be done by the management. It is a good management. I know some of the men at the Pas, and they deserve credit for what they have been doing.

The CHAIRMAN: Items 383 and 384 have been pretty well discussed. Shall the items carry?

Items agreed to.

Maritime Freight Rates Act—

385. To hereby authorize and provide for the payment from time to time during the fiscal year 1943-44 to the Canadian National Railway Company of the difference (estimated by the Canadian National Railway Company and certified by the auditors of the said company to the Minister of Transport as and when required by the said minister) occuring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the calendar year 1943 under the tariffs approved on the eastern lines (as referred to in section 2 of the said act) of the Canadian National Railways, $3,350,000.

Mr. ROSS (St. Paul's): The Minister of Transport was formerly Minister of Fisheries, and many times he and I had arguments across the floor as to why we in the central provinces cannot get fish at reasonable prices. I am going to bring up this question again.

Mr. MICHAUD: Because you do not go fishing.

Mr. ROSS (St. Paul's): I am quite serious; all joking aside. In these days when there is such a scarcity of meat we wonder why we in the central provinces cannot have the railways carry our fish to central Canada so that the people in Toronto, instead of having to pay at the present time 20 cents a pound for codfish, might get that fish at a more reasonable price. I am discussing this matter because the minister has occupied both positions. We have to pay 20 cents a pound and the fisherman in the east gets 2 cents a pound; it used to be three-quarters of a cent a pound.

In certain seasons of the year the people in the maritime provinces have shad, and alewives, which are a delicious fish if you do not mind taking out the bones. The minister knows all about this and he can tell us why we cannot get their fish. We in Ontario, the people on lake Ontario, are doing a very good job. I see the minister representing the Hamilton district coming in. He knows what a good job his people are doing, selling whitefish and getting marvellous prices for it. It helps in our balance of trade. Why can we not get some fish from the maritime provinces? I do not see how anyone can possibly account for the difference between 2 cents paid to the fishermen there and 20 cents charged to the consumer in Ontario. It is a shame that these fish are used as manure. I repeat, I cannot understand why we cannot obtain shad and gaspereaux from the maritime provinces. Cannot the minister do something about getting fish from the maritimes to us in Ontario? The people in the maritime provinces have always complained that we can ship our products there, while they have no opportunity to reciprocate. I am pleading with the minister to give them an opportunity to send their fish to us, because this comes right under the head of railways. That is where it belongs—transportation, refrigeration and so on. Perhaps in that part of the country they do not get ice; the hon. member for Queens-Lunenburg (Mr. Kinley) will tell me. At any rate we could not ship our ice from Ontario to freeze the fish there. Surely something could be done about the matter. I have brought it up four or five times, and I am trying to do it to-night in a humorous way. We have spent thousands of dollars to get the people fish-wise —not fishwives.

Mr. MICHAUD: Alewives.

Mr. ROSS (St. Paul's): This is the first time I have been able to corner the minister now that he has had experience in both departments, and I urge upon him that he do something to make it possible for us to get products from the maritime provinces. We will take their fish, but I do not see why we should have to pay through the nose for them when some of them are thrown away and used for manure. It is a crying shame that something more is not done to move fish from the maritimes to the people of Ontario. That is all I have to say.

Mr. BLACK (Cumberland): I am glad the hon. member for St. Paul's has a word to say about the fisheries in the maritime provinces. On behalf of the maritime provinces I express appreciation of this vote, which has appeared in our estimates from year to year. The man who has been responsible to the greatest extent for this vote on maritime freight rates was the late Colonel Gordon S. Harrington, who, I regret to say, passed away two or three weeks ago. He was the person who largely prepared the case and had this recognition given the producers of the maritime provinces so as to compensate at least partly for the discrimination against the maritimes in the handling of freight between that part of the country and central Canada.

I also wish to express again our appreciation of the work of the commission which sat at that time, consisting of Sir Andrew Rae Duncan, from England, the hon. member for Queens (Mr. Macmillan) and the late Judge Wallace. They brought in this finding, which was adopted by the Canadian parliament and which has been of great benefit to the people of the maritimes. Of course no payments to equalize freight rates could ever compensate producers in the maritime provinces for the handicaps under which they operate in relation to the rest of Canada.

The next item has to do with branch lines in the maritime provinces, two of which are in my constituency of Cumberland. It was unfortunate for the residents of that part of the maritimes served by these branch lines that they were not made part of the Canadian National Railways when so many of the other branch lines were taken over. As it is, the residents and producers along these branch lines have to pay a double freight rate. If these lines had been taken over, as was the case with most of the other branch lines in the maritime provinces, the freight rates would be established on a mileage basis instead of on the basis of these small railway units.

I simply wanted to give recognition to those men who accomplished so much for the maritime provinces, and to express the appreciation of the maritimes to the government for continuing this vote.

Item agreed to.

Government employees' compensation—

387. Administration of the Government Employees' Compensation Act, $24,735.

Mr. GRAYDON: Is this the item, together with the statutory item just below, under which the rather extraordinary expenditures in the Montreal district which were aired in the house a short time ago, in connection with Doctor Chartier, would come?

Mr. MICHAUD: Part of it would come under this item and part under the war vote.

Mr. GRAYDON: In view of the revelations made in the house at that time, has the minister conducted any investigation in regard to that matter? If so, I should like to have his report.

Mr. MICHAUD: I have made an investigation, and I find that there was no revelation except the amount of money that was paid to Doctor Chartier for his professional services, which was disclosed at the request of the hon. member. The dominion compensation act provides that federal employees in the provinces shall be compensated for injuries or accidents under the provisions of the provincial laws. The compensation act of Quebec provides that dominion employees come under schedule 2, and the government is directly responsible for compensation to the employees for injuries, medical services and hospital fees.

Mr. GRAYDON: I think the minister gave this explanation on the previous occasion. I was not asking for a repetition of that explanation; what I was really seeking was some report by the minister as to whether or not, after investigating the rather large fees which had been collected from the government by Doctor Chartier, the government had come to the conclusion that the amount was extraordinarily high and, if so, what the government intended to do about it.

Mr. MICHAUD: The inquiry I made satisfied me that though the total amount was large, the fees were paid in accordance with the provisions of the workmen's compensation act of the province of Quebec, and were checked in each instance by the treasury department of the federal government. The amount appeared large because Doctor Chartier operates a clinic in Montreal, and his services were resorted to both by the dominion government compensation officers and the provincial commission in following up cases, in regard to both radiotherapy and X-ray work. Many cases also arose in war industries in the Montreal area during the last two years, and many serious accidents which were followed up by the officers of the department required the professional advice of Doctor Chartier and the members of his clinic, whose charges were in accordance with the schedule of fees provided by the Quebec act. We could not reduce those charges, nor could we dispute them; they had to be paid, and I am told that the officers of the treasury department and of this branch of the service, who have been administering the branch for ten or fifteen years, are satisfied that all the money which was paid to Doctor Chartier and other doctors was in accordance with the schedule of fees, and that it had to be paid in accordance with the provisions of the Quebec act.

[Mr. Michaud.]

Mr. GRAYDON: I have no desire to continue the controversy at this time; rather I am desirous of seeing the item passed. I take issue with the minister, however, in regard to the amount which was paid; for despite the casual inquiry which he appears to have made, I must confess that I remain unconvinced that this practice should be continued in the years to come, because I think it is an extraordinarily large amount of money to pay in these circumstances.

Item agreed to.

Railway service—

392. To provide for the discharge of commitments incurred prior to March 31, 1943, under authority of vote No. 408, schedule A to the Appropriation Act No. 5, 1942, respecting highway crossings of railways (revote), $23,870.

Mr. GRAYDON: I take it that this is a discharge of commitments entered into prior to March 31, 1943, and has to do with level crossings; is that correct?

Mr. MICHAUD: Yes.

Mr. GRAYDON: Are there many instances in the past year where level crossings have been installed, and where the dominion has to make some proportion of the payment?

Mr. MICHAUD: There are no new undertakings, but there are two projects which had been started and have been completed. One is at Val Brillant, in the county of Matapedia, Quebec, and the other is at Morrison's crossing over the Canadian Pacific railway and the Canadian National railways, at Fredericton, New Brunswick.

Item agreed to.

Air service—

393. Air service administration, $11,250.

Mr. GRAYDON: Over what part of the air service does the minister have jurisdiction?

Mr. MICHAUD: The civil aviation, or air service, is administered by the Department of Transport. By virtue of an order in council in 1940 the Minister of Munitions and Supply has kept supervision over the air service, although it is administered by my department. It is jointly administered, but the responsibility, through the order in council, is on the Department of Munitions and Supply for the time being.

Mr. GRAYDON: On a point of convenience and constitutionality, why is there any division between the two departments? My under-

standing was that the Department of Munitions and Supply had a jurisdiction sufficiently wide to cover all air service. Yet this vote would seem to imply that some of the administration of the air service comes under the Department of Transport. Why is there this duplication?

Mr. MICHAUD: This was done in 1940 when the adminstration of the Department of Transport and the Department of Public Works was placed under the same minister. The Minister of Munitions and Supply, who had initiated the trans-Canada air service, by arrangement with the then minister kept supervision over that branch of the service. Since I have taken charge of the department I have been satisfied with that arrangement, and the Minister of Munitions and Supply and myself have cooperated in administering the service.

Mr. ROSS (St. Paul's): I have a word to say about this service. I suppose Toronto was the first place in Canada which showed any interest in air service. We had McCurdy, and many other people who knew a great deal about flying in the early days. Then, a lot of our lads were in the first war—and I would refer particularly to Bishop and Barker. Then we come to an experimental stage, during which Casey Baldwin and John McCurdy were active.

Now, through their effort, and through the efforts of people in the United States, such as the Curtiss boys, we have a marvellous air force. We have marvellous machines. To-day we hear a lot about the Mosquito, which is being built in Toronto. In that city we are air-minded, and we were air-minded as far back as 1935. We made up our minds we needed an airport. We got busy and made many applications for the installation of that airport. Finally it was installed on Toronto island. That was the logical place for it, so far as civil aviation out of Toronto was concerned. A general election came along, and it appeared that some people were annoyed with that election. The result was that plans for a tunnel between the western gap and the airport were never completed. The reason given was that the airport would not be any good. A project worth hundreds of thousands of dollars was abandoned—and abandoned for political purposes. The result is that we have not got that tunnel, and must use the ferry boat to cross to the island. I charge this government with non-completion of the tunnel. The airport at Toronto island affords first-class landing facilities both for land planes and seaplanes. Toronto was willing to install the necessary sand pumps required to pump the sand. I am making these statements only to show what can happen. Now, to-day, if you want to take an airplane, what have you to do?

Mr. FRASER (Northumberland): Get on the plane.

Mr. ROSS (St. Paul's): Oh, that is what the hon. member thinks you have to do. He is always on a plane, as far as I can see.

Mr. FRASER (Northumberland): I may be on a plane, but you are in the air.

Mr. ROSS (St. Paul's): You are in the sky; but probably a little bit later you will be down lower; I cannot tell now. After years of effort our airport was installed, and it is one of the finest in Canada.

Mr. FRASER (Northumberland): At Trenton, did the hon. member say?

Mr. MACKENZIE (Vancouver Centre): Order; let us get on with the business of the committee.

Mr. ROSS (St. Paul's): The hon. member is trying to tell me something, and I do not know what he is saying. I think he said something about Trenton, which is a little village near the Trent canal. Yes; that is the place where the Trent canal goes through—and some government or another spent millions of dollars on it.

Mr. MACKENZIE (Vancouver Centre): I rise to a point of order. There are serious-minded members in this committee who wish to get down to the business before it. I ask you, Mr. Chairman, to keep hon. members to a discussion of the item.

Mr. ROSS (St. Paul's): If the hon .member will leave me alone I will go on with what I have to say. I am talking about civil aviation, and I do not see why the hon. member for Vancouver Centre should get so sore about it.

The ACTING CHAIRMAN (Mr. McCann): The item under consideration is air service administration. I think what the hon. member is discussing is the next item which covers civil aviation.

Mr. ROSS (St. Paul's): I suggest that we take the two items together so that we can make a little progress. We have a lot of difficulty, but we put in an airport at Malton and it is one of the finest in Canada. But there is another wonderful site that could be developed. We must not forget that Canada will be the centre of the air world. Along with the United States, the British empire will be the most important factor in civil aviation,

and Canada will be the centre of this air traffic. Toronto, and Winnipeg as well, are going to have no small place in that aviation world. All you have to do is look at the globe and see how close places are when you go over the north pole.

Some mistakes have been made, and one great mistake was made at Toronto. We have one of the finest locations in the world for an airport, but for political reasons an airport was built at Malton. Had this other site been developed a man could go from the Royal York hotel through the tunnel, and take the plane for Montreal or any other place on this continent. Instead of that he has to motor out to Malton over bum roads, or he used to until my leader got after them. I am simply pointing out the mistakes that have been made. We should not overlook Canada's place in the aviation world of the future. At one time the best aviation service you could get was given by the Dutch, and the next best was by the English, but we in Canada will be in a position to give service par excellence, working in conjunction with the rest of the empire.

Item agreed to.

Civil aviation division—

394. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $257,670.

Mr. SLAGHT: I think this item and the three following items could well be lumped together. I have just this word to say to the minister and also to the Minister of Munitions and Supply, because there is joint administration here. I should like the administration and the government to see to it that at the earliest date possible conferences are arranged between this country, the motherland and other commonwealth nations in order to plan now for a world civil aviation service in the days to come. I think it was yesterday or the day before that some one in the British house, I am not sure whether it was Mr. Atlee, commented on the place that Canada would occupy in future civil aviation. There is no doubt that to a large extent air service will replace marine service, and the empire has been supreme in marine service for a century. We should overlook no steps which would enable us to carry on, in friendly cooperation with our great neighbour to the south. That country has indicated that it is quite prepared to cooperate with the commonwealth in seeing to it that civil aviation is made available throughout the world so that distances may be annihilated and that the peoples of the different nations may travel more rapidly and more frequently. Again let me press upon these two ministers and the government the necessity of communicating with the mother country and other commonwealth nations to bring about early conferences on this important subject.

[Mr. Douglas G. Ross.]

Item agreed to.

Civil aviation division—

395. Airways and airports—construction and improvements, including lighting and radio facilities—capital, $1,512,520.

Mr. HAZEN: How much has been spent by provinces during the last fiscal year on the operation and maintenance of airways and airports? The details shown on page 223 of the estimates show an amount of $1,446,900, but I take it that this is estimated. What is the actual amount?

Mr. MICHAUD: The division of the moneys allotted is not made by provinces; it is made by airports.

Mr. HAZEN: These airports are situated in the different provinces.

Mr. MICHAUD: The amounts are as follows:

Vancouver	$ 84,425 67
Lethbridge	17,480 31
Calgary	8,102 89
Edmonton	6,035 34
Regina	7,994 18
Winnipeg	58,090 89
Armstrong	27,445 80
Kapuskasing	149,206 83
North Bay	11,821 57
Malton	110,835 90
Windsor	133,535 20
Windsor, supplementary	3,557 88
London	22,357 77
Dorval	479,310 74
Megantic	110 16
Old Glory Mountain	7,283 56
Moncton	127,370 32
Wasa	2,099 74
Earlton	319 00
Sioux Lookout	994 25
Princeton	4,840 26
Sundries:	
Cost of living bonus	2,310 25
Salaries	30,020 08
Unemployment insurance	57,083 00

Mr. HAZEN: I think something else is included there. I was asking for construction and improvements.

Mr. MICHAUD: That is what I gave.

Mr. HAZEN: But it included salaries and cost of living bonus.

Mr. MICHAUD: That is the salaries of the engineers who work on the improvements.

Mr. HAZEN: Are the figures the minister has just given for construction or for improvements?

Mr. MICHAUD: Both; construction and improvements.

Mr. HAZEN: Can the minister give the committee a break-down between construction and improvements?

Mr. MICHAUD: No.

Mr. HAZEN: Surely there is a differeince between them. What did the new work amount to last year?

Mr. MICHAUD: The work I have enumerated was all improvements to old fields. No new fields were constructed under this item.

Mr. HAZEN: What was the total of the figures the minister gave?

Mr. MICHAUD: It was $1,301,606.47.

Mr. BLACK (Cumberland): What are the projects for the current year for which this money is being appropriated? I might point out that this appropriation has the general commendation of the country. A great deal of this expenditure when properly made will represent an asset to Canada for all time. If the minister noted carefully the expenditures for last year, he must have seen that they were mostly made in central and western Canada, and not to any great extent in my province. At the town of Amherst there is a fine airport which should be further improved. The citizens of that town have contributed toward it perhaps to a greater extent than have citizens to any other airport in Canada by providing the land and contributing fifty per cent of the cost of construction. It is true that the minister's department completed some of the work that was undertaken, but still more work should be done to complete that port. I would also point out to the minister the necessity of building more emergency landing fields in my constituency. In the community of Parrsboro there have been a number of forced landings. There is a site available there now at a very low cost indeed. It is a natural airfield, and even if it were necessary to use it only as an emergency landing field, it would prove a safe landing field both for planes of the air force and commercial planes operating in that territory.

There are other airfields in Nova Scotia which I think should be completed. Appropriations have been made for airfields at New Glasgow, for instance, and other places. That work should be completed. As I have pointed out, if this work is properly done, it will not only provide safety for those who fly over the territory, but represent an asset for all time.

Mr. MacNICOL: Has this vote anything to do with the airfields at Grand Prairie, Fort St. John, Peace River, Fort Nelson and White Horse?

Mr. MICHAUD: No, those are all war services out of the war appropriation.

Mr. MacNICOL: The votes pertaining to these fields?

Mr. MICHAUD: Yes.

Mr. BLACK (Cumberland): Has the minister a list of the projects that are to be undertaken during the current year? If it is too long to read, perhaps he could put it on *Hansard*.

Mr. MICHAUD: I will read it. It is as follows:

Vancouver	$ 16,000
Lethbridge	12,000
Calgary	14,000
Edmonton	24,500
Regina	19,500
Kenora	19,000
Armstrong	261,000
Kapuskasing	214,000
North Bay	4,000
Malton	12,000
London	14,500
Windsor	120,050
Ottawa	176,000
Dorval	74,000
Moncton	75,000
Old Glory	3,000
General unforeseen expenses	43,665

Mr. BLACK (Cumberland): There is no provision at all for Nova Scotia?

Mr. MICHAUD: There is one for Moncton.

Mr. BLACK (Cumberland): That is New Brunswick. Have any proposals been considered or approved by the department for building emergency landing fields as a measure of safety for the air force and civilian aviation?

Mr. MICHAUD: There are about 100 emergency landing fields on the Trans-Canada Air Lines which were built before the war.

Mr. BLACK (Cumberland): Are any under contemplation at the present time to be built, or are there to be any extensions?

Mr. MICHAUD: There is nothing contemplated out of the civil appropriations for new fields this year.

Mr. BLACK (Cumberland): Before this item passes I wish to emphasize the wisdom of building a greater number of these landing fields not only to save the lives of the plane operators and passengers but to prevent destruction of the planes themselves, which cost many thousands of dollars. Some of these planes are valuable, running into as much as

$500,000. Emergency landing fields are the cheapest kind of insurance for such planes, apart altogether from the factor of safety of passengers and crew, insurance on the lives of these people who fly in these planes, and insurance against property damage.

Item agreed to.

Mr. CRERAR: Mr. Chairman, before you proceed to the next item, I would move that the committee continue to sit after eleven o'clock. I have discussed this with the leaders of the other parties and they are agreeable to go on until twelve o'clock. I think we could make some progress and better ensure finishing up this week.

Motion agreed to.

Civil aviation division—

396. Airways and airports—Operation and maintenance, including lighting, radio and meteorological services, $1,921,040.

Mr. REID: May I ask if out of this appropriation any money will be expended on the airport known as the Vancouver airport, which is situate not at Vancouver but on Sea island, in the constituency of New Westminster? What is the set-up there? Is the property leased from the city of Vancouver? Under what conditions are all the facilities operating?

Mr. MICHAUD: We have in our estimates $16,000 to improve the lighting at the airport.

Mr. REID: Is a rental paid for that to the city of Vancouver?

Mr. MICHAUD: One dollar a year, I am told, during the war.

Mr. FULFORD: I would ask that the page boys be allowed to go home. They have been here since eleven o'clock this morning, and it is too bad to ask them to stay any later.

Mr. HAZEN: I would ask the minister to give us a break-down of the amount which was expended last year under this heading for repairs and maintenance of aerodromes, aircraft, buildings and equipment. The estimated amount is $340,420, the fourth item on page 225 of the estimates.

Mr. MICHAUD: I can give the complete cost of repairs and maintenance, including the salaries for the work done at six terminal airports:

Moncton, $39,979.70; Dorval, $88,535.72; Ottawa, $52,471.99; Kapuskasing, $32,795.65; North Bay, $50,335.23; Armstrong, $7,587.46.

Hundred-mile fields: Charlottetown, $1,551.83; Blissville, $4,144.85; Rimouski, $3,419.58; Megantic, $12,709.26; Killaloe, $7,620.68; Muskoka, $8,501.74; Earlton, $6,426.36; Porquis, $12,810.73; Pagwa, $7,907.98; Nakina, $6,872.84; Sioux Lookout, $5,266.12; Kenora, $3,763.42; Rivers, $1,813.93; Broadview, $5,038.63; Ponoka, $982.31; Swift Current, $3,791.49; Cowley, $2,616.37; Cranbrook, $85.86; Kimberley, $2,376.38; Princeton, $2,945.56; Penticton, $2,172.38; Penhold, $2,863.66.

Intermediate aerodromes: Brockway, $138; Havelock, $138.80; Bishopton, $611.46; South River, $184.28; Round Lake, $323.26; Ramore, $1,134.48; Hearst, $171.49; Nagogami, $1.69; Gillies, $1,068.07; Emsdale, $1,686.09; Diver, $1,248.95; Vivian, $278.78; Vermilion Bay, $148.22; Sunstrum, $1,097.97; Amesdale, $949.68; Allenwater, $1,193.74; Caddy Lake, $1,179.79; Kowkash, $1,247.61; Grant, $1; Graham, $2,472.97; Bow Island, $1,032.51; Boston Bar, $552.00; Coleman, $138.00; Hope, $733.49; Kitchener, $679.44; Langley, $24.29; Mayton, $1,085.25; Midway, $581.01; Oliver, $3,177.22; Rock Creek, $1.38; Salmo, $206.32; Taber, $383.07.

Mr. HAZEN: What is the total amount, and how many more items are there?

Mr. MICHAUD: The total amount is $413,593.08, including beacon sites, seaplane bases.

Item agreed to.

Special—Deficits—

Prince Edward Island car ferry and terminals.

406. Amount required to provide for the payment during the fiscal year 1943-44 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1943, $475,000.

Mr. MacNICOL: It is not my intention to repeat anything I have said earlier in this session on this subject of transportation to Prince Edward Island; but I believe the time is opportune, on behalf of that province, to plan properly a system of transportation in order to carry out the intent of our agreement with the island when it entered confederation. One clause of the agreement with Prince Edward Island called for a proper system of transportation connecting that province with the mainland. Anyone who travels to that island knows that there is not an up-to-date system of transportation to it. The loss of the ferryboat the *Charlottetown,* was perhaps a

blessing in disguise, though inconvenient at present, in that it gives the government an opportunity to provide a more efficient boat. I have heard rumours, and the transport minister said something about a new boat being built, but has anyone heard anything as to the description of the proposed new boat? I hope it will be constructed with speedy loading and unloading facilities like the ferryboats that connect St. Ignace across the strait with Mackinaw, on the south side. These carry an enormous amount of traffic quite speedily, loading and unloading it. I do not think the ferry that was sunk, the *Charlottetown,* was as satisfactory as it might have been. I was on it several times and, as far as I am concerned, it could have been more satisfactory from the point of view of loading and unloading automobile traffic. I damaged my car on two occasions, because, as everyone knows, it was difficult going round the decks, the passage being so very narrow, and when you got to the end of the boat you were obliged to back around in order to obtain space to park your car. I hope that the new boat which is being built will provide for rapid loading and unloading of motor cars. I make these observations because, in my opinion, there is no part of Canada more beautiful than Prince Edward Island, no other part that tourists would prefer to motor over. There are just as beautiful parts in every province; every part of the dominion has its own peculiar attractions. But in my judgment this is one province that has not had fair play in the matter of transportation service. Not only should there be proper provision as far as the boat is concerned, but there should be a proper wharf on each side of the strait. I cannot for a moment agree with any statement that the approach is satisfactory on either side of the channel for speedy traffic. I can see how they could be greatly improved, and I am convinced that this is what Canada owes to Prince Edward Island if we are to carry out the undertaking given that province when it came into confederation. I will not give details—this was done earlier in the year—with regard to the amount of traffic moving back and forth. Suffice it to say that the time lost to shippers from the island, and the injustice done to growers there in transportation, warrant our making it possible for the people of Prince Edward Island to obtain more speedy transportation to connect them with the mainland. The mainland is their market. I would ask the minister to interest himself, if it is in his department, in the construction of the boat that is being built, keeping before him particularly the importance of rapid loading and unloading, proper space on the boat for the parking of motor cars, so that it can be done expeditiously, and proper wharfage accommodation on each side of the channel. I repeat, the time has come when we should carry out the undertaking given to Prince Edward Island for a proper system of transportation.

Mr. MICHAUD: I must again assure my hon. friend that every attention has been given the problem which he has so much at heart. The loss of the *Charlottetown* was accidental during the war, and everything has been done in an effort to find another boat to replace her. It has not been possible, and now we have decided to build one. Those whom we consider the best marine architects in the country have been retained. They have already toured North America to see what has been done in other parts in the construction of automobile ferryboats, combining a railway car ferry with an automobile boat. That is a difficult feat to accomplish, operating the boat in tidal waters, loading and unloading it. Instructions have been given the architects to go ahead, and they have already begun to design the most modern ferryboat that they can for the service between the mainland and the island. That is the best we can do under the circumstances, and I hope our instructions and expectations will be carried out.

Mr. MacNICOL: That is the boat; what about the wharves?

Mr. MICHAUD: The wharves will have to be improved in accordance with the construction of the boat, to enable it to operate, but we cannot do very much in regard to the wharves until we know what the requirements will be in connection with the boat.

Mr. MacNICOL: Have plans been submitted to the minister showing the proposed design of the boat?

Mr. MICHAUD: A preliminary sketch has been prepared, and the final report is being prepared now.

Mr. MacNICOL: Are the designs available to be seen? I should like to see them; I know something about accommodation required on boats.

Mr. MICHAUD: Unfortunately I am not in a position to answer in the affirmative. The sketches have been returned to the architects, who will soon have the official final report prepared.

Item agreed to.

National harbours board—

407. To provide for payment to national harbours board of the amount hereinafter set forth, to be applied in payment of the deficits (after payment of interest due the public but exclusive of interest on dominion government advances and depreciation on capital structures) arising in the calendar year 1943, in the operation of the Churchill harbour, $63,400.

Mr. BLACK (Cumberland): I should like to commend the minister, the department and the national barbours board for the splendid work they have been doing since the commencement of the war. With the enormous increase in traffic, the important movements of war materials and so on, there have been some congestion, some delays and many handicaps, but I think the harbours board has done excellent work. I have had some protests from the longshoremen of Halifax with respect to what is called the central dispatching agency. Apparently there is some resentment over the establishment of this agency and the unnecessary expenditure of money. They say a building was erected at a cost of $58,000 and apparently this agency is manned largely by personnel from outside the city of Halifax. They say men are there from Montreal, Vancouver, Toronto and other places; and while they are members of the longshoremen's association, these people believe that Halifax men should be used for this work. They say this system is a hold-up, and ask, "Why should men from Montreal come here to run our waterfront, when we have men in Halifax and throughout Nova Scotia who are quite capable of doing this work? Everything comes here from Montreal, even the drift ice in the spring." I would ask the minister to see that preference in any work of this kind is given to the men who have their homes in Halifax.

Mr. MICHAUD: I regret to say that I do not believe this criticism is justified. My hon. friend must not overlook the fact that to-day Halifax is a national port, and if there is surplus man-power available in Halifax we should like very much to have it made available. At the present time we are short of several men to carry on the work required in that port.

Mr. BLACK (Cumberland): May I ask if the department and the national harbours board are in continual consultation and conference with the heads of the longshoremen's union; if they are working in complete harmony with them and carrying out their wishes as far as possible? Only by this being done can the best results be obtained. A similar fault has prevailed in many of the war industries; the workmen have not been consulted to the extent they should have been; representatives of the workmen have not been placed on these boards, and so on. I believe that if some other policy had been carried out, we would have achieved far better results in many if not all of our war activities.

The CHAIRMAN: Shall the item carry?

Mr. BLACK (Cumberland): Wait until the minister has answered the question, Mr. Chairman; I think it was a reasonable one.

The CHAIRMAN: I am sorry; I thought the answer had been given.

Mr. MICHAUD: I think it can be stated safely that the officials of the shipping board, the national harbours board and the British admiralty have kept in contact with the heads of the longshoremen's association, and so far as I am aware the relations between the longshoremen and the administrators of the harbour have been good. There is no dispute between the labour men and the officials; there is a real shortage of labour to meet the present requirements of the harbour of Halifax.

Mr. MacNICOL: If this question will require any time to answer I shall forego it, but could the minister tell me what harbours come under the national harbours board?

Mr. MICHAUD: I shall try to name them: Halifax, Saint John, Quebec, Montreal, Chicoutimi, Vancouver, Churchill, Three Rivers, Prescott, Port Colborne.

Mr. MacNICOL: Charlottetown is not one of them?

Mr. MICHAUD: No.

Mr. MacNICOL: Then I shall not ask anything about Charlottetown under this item, but under what later item may I ask a question about Charlottetown harbour?

Mr. MICHAUD: There is item 410.

Item agreed to.

National harbours board—

410. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1943: Reconstruction and capital expenditures—Montreal, $33,700.

Mr. MacNICOL: I cannot ask a question about Charlottetown under this item, because the minister has told me that Charlottetown is not under the national harbours board.

Mr. MICHAUD: We have no appropriation for harbours that are not under our jurisdiction. Perhaps the question could be asked under the public works estimates.

Mr. HAZEN: What item are we on?

The CHAIRMAN: Item 410.

Mr. HAZEN: Did we pass item 408?

The CHAIRMAN: Yes.

Item agreed to.

DEPARTMENT OF FISHERIES

70. Departmental administration, $146,200.

Mr. REID: May I draw the minister's attention to the shortage that may arise of flax for the manufacture of nets. My information is that Great Britain controls the supply of flax, and that Canada has sold her supplies to Britain as far ahead as 1945. The manufacturers are warning the industry that we are likely to be short of flax for nets for the spring of 1944. I do not know where they are made in the east, but in British Columbia they were made by the manufacturers and also by hand by the Japanese, though I am informed that nets made by the Japanese were not as good as those made by the manufacturers. Prior to the war we obtained our supplies of flax from Belgium and France, but those supplies have almost run out. I consider it my duty to bring this matter to the attention of the minister and ask him if the Department of Fisheries is aware of what might occur, and what steps are being taken to see to it that Great Britain releases enough of this type of flax for the making of nets for the spring fishing of 1944. Nets last only from one to three years, and the inferior grades do not last more than one year.

Hon. ERNEST BERTRAND (Minister of Fisheries): We have been aware of this expected shortage, and have made a request to the Briitsh government, as a result of which we expect to have the necessary flax.

Mr. HAZEN: I have a question affecting the fishermen of the bay of Fundy, who, during part of the year, are engaged in the fishing of salmon. I have recently had communication with some of those fishermen, and I understand that the price of twenty-one cents a pound has been fixed. That is the amount the shipper, or purchaser, must pay the fishermen; it cannot go below that. There is also a provision that a fisherman may send eighty per cent of the amount of salmon he sent last year to the United States; at least that is my understanding of the regulation. That salmon sent to the United States for sale carries no price ceiling. The other twenty per cent which he must sell in Canada has a price ceiling.

Mr. BERTRAND (Laurier): Before the hon. member proceeds further, may I point out that this matter is under the control of the wartime prices and trade board. My department has nothing to do with the fixing of prices for fish.

Mr. HAZEN: The minister should be interested in it, for the sake of the fishermen.

Mr. BERTRAND (Laurier): I could not give a proper explanation of what the hon. member is saying. Of course I could give an explanation, but it might not be perfectly accurate, because the matter does not come under my department.

Mr. HAZEN: Perhaps at some time the minister would permit me to discuss this matter with him in his office.

Mr. BERTRAND (Laurier): Yes.

Item agreed to.

73. Development of the deep sea fisheries and the demand for fish, $40,000.

Mr. GILLIS: I notice there is a decrease by $22,760 in this item. I should imagine it would be increased. This does not indicate that the department intends to do anything for the development of the deep sea fisheries. Why has the vote been decreased?

Mr. BERTRAND (Laurier): It is our intention to do more than ever to increase the sale of fish. But at this time we are short, by a large amount, of the amount of fish required. If we were to send our lecturers throughout the country asking people to eat more fish, we might not be able to supply them with the quantity required. We have not enough fish.

Item agreed to.

74. Fish culture, $193,800.

Mr. HAZEN: How is oyster culture developed, and what progress is being made?

Mr. BERTRAND (Laurier): This item is for fish hatcheries, retaining ponds, rearing stations, the improvement of water areas, the destruction of enemies, the stocking of rivers and lakes with fingerlings and yearlings—

Mr. HAZEN: No; I am talking about another item, namely, that of oyster culture.

Mr. BERTRAND (Laurier): We have not yet reached that item. This is a little more

than it was last year, because we employ quite a number of people, and have to pay war bonuses.

Mr. MacNICOL: Has this item anything to do with fish culture in the Northwest Territories?

Mr. BERTRAND (Laurier): No, only on the Atlantic coast.

Mr. MacNICOL: Does any item in the estimates refer to fishing in the Northwest Territories?

Mr. BERTRAND (Laurier): We have no item dealing with fish culture in that area.

Mr. MacNICOL: If the minister had read *Hansard* of a year ago or two years ago, he would have known that wonderful fish are caught in that area, in those great lakes in the Northwest Territories. Large quantities of fish are shipped by plane to Waterways, and from Waterways by mail train to New York and Chicago. In one of the lakes some fish had been found to be somewhat diseased. Has anything been done to improve their condition? I am told everything is now satisfactory.

Mr. BERTRAND (Laurier): When I told the hon. member we were doing nothing in that area I was not quite correctly informed. Under our direction the mounted police are doing the necessary work. We have no specific amount at our disposal, because the mounted police give their time to it, and they are paid by the Minister of Justice for that work.

Mr. MacNICOL: For the sake of fish producers, and companies shipping fish from that area, the minister should look into this matter. He will find that the fish from that country are of exceptionally good quality, and that the demand for them is tremendous. It seems strange to me to find that the mounted police have anything to do with looking after the fish in those lakes. I cannot comprehend a situation where the mounted police would have anything to do with the Department of Fisheries, and particularly in that area, out of which they ship eight to ten cars a week to the markets in Chicago and New York. This is splendid business, and if the minister has not yet had time to become familiar with it, then I hope when parliament meets again, and I ask this question about fishing in the Northwest Territories, he will be able to give me a reasonable answer.

Mr. BERTRAND (Laurier): I thank the hon. member for drawing my attention to this matter. It is possible that in the Northwest Territories we have not yet found a need for placing fingerlings or other fish culture in those lakes. It is altogether likely that the fish are plentiful, and that there are not many fishermen.

Mr. MacNICOL: The minister had better look into the matter between now and next session because I shall be after him.

Item agreed to.

75. Oyster culture, $26,950.

Mr. HAZEN: What progress is being made with oyster culture, and where is the work being done? I should like to have any other information the minister can give. Has this work proven successful so far?

Mr. BERTRAND (Laurier): The work is done mostly in Prince Edward Island and the maritime provinces and is proving successful. It is a slow process, taking five years, and we get results only after a certain time.

Item agreed to.

76. Fisheries research board of Canada, $238,000.

Mr. REID: There is an increase of $2,820 in this vote, and I should like to know what this is for. I wish to know also the number of stations under the board and the number of personnel. This seems to be a lot of money compared with what is provided for the other fisheries commission.

Mr. BERTRAND (Laurier): This is the scientific branch of the fisheries department, and this vote covers the salaries of the scientists located at the biological and experimental stations, as well as the other employees. We have five main and two substations.

Mr. ISNOR: Where are they located?

Mr. BERTRAND (Laurier): One is at St. Andrews and there is an experimental station at Halifax. There is a substation at Ellerslie on Prince Edward Island, mostly for oyster culture, and there is also one at Grand River on the Gaspe peninsula. There is a biological station at Departure Bay, and there are two substations in British Columbia, one on Queen Charlotte islands and another on Vancouver island. This station does work at different places.

Mr. REID: What kind of work do they do?

Mr. BERTRAND (Laurier): They tag fish and carry on experiments as to the number of fish that return to the rivers. They see whether eggs are hatching properly and carry on other experimental work to attempt to

prevent the depletion of the fish. There is at Vancouver an experimental station which used to be located at Prince Rupert.

Mr. HAZEN: I notice that $135,000, or over half the vote, is required for temporary assistance. Is this required every year?

Mr. BERTRAND (Laurier): Some of the employees are not permanent. It has been that way for some time.

Item agreed to.

80. To provide for transportation, dressing and dyeing, and other expenses incidental to receiving and disposing of fur seal skins receivable by Canada under international arrangement and which formerly accrued to Canada pursuant to pelagic sealing treaty, 1911, now expired, $50,000.

Mr. REID: What was Canada's share of the fur catch last year? Have any changes taken place in the working of the treaty since Japan has dropped out, or is a new treaty to be drawn up between the United States and Canada?

Mr. BERTRAND (Laurier): There was no fishing last year. Our share used to be fifteen per cent before war was declared with Japan, but now it is twenty per cent under an arrangement with the United States. We expect to have a fair catch this year.

Mr. REID: What was our share last year?

Mr. BERTRAND (Laurier): There was no fishing last year.

Mr. REID: What was our share the last year that fishing took place?

Mr. BERTRAND (Laurier): In 1941 our share was 14,000 skins, representing a revenue of $212,000.

Mr. HAZEN: How much was actually spent last year?

Mr. BERTRAND (Laurier): The amount spent was $74,477.56.

Mr. HAZEN: If there were no seals caught, why should there be any money spent for transportation, dressing and dyeing?

Mr. BERTRAND (Laurier): It takes about a year to process the pelts, and this amount was to cover the fur of the previous year.

Item agreed to.

81. To provide for payment of a bounty for the destruction of harbour seals, $15,000.

Mr. BLACK (Cumberland): How much was spent last year, and what is the amount of the bounty?

Mr. BERTRAND (Laurier): The bounty is $2.50 each, and the number of seals was 3,107, the amount spent being $7,767.50.

Mr. BLACK (Cumberland): How was that amount distributed?

Mr. BERTRAND (Laurier): The distribution was as follows:

Nova Scotia	$2,957
Prince Edward Island and Magdalen islands	1,035
New Brunswick	855
British Columbia	2,920

Item agreed to.

Special—

83. To provide for the extension of educational work in cooperative producing and selling among fishermen, $50,000.

Mr. REID: Was this money spent in the maritimes and British Columbia?

Mr. BERTRAND (Laurier): Yes.

Mr. MacINNIS: How was it spent; where was it spent, and what were the educational institutions that carried on this work?

Mr. BERTRAND (Laurier): The amounts are:

St. Francis Xavier university, Antigonish	$37,000
Ste. Anne de la Pocatiere, Quebec.	8,000
University of British Columbia...	5,000

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

183. General administration, $1,033,725.

Mr. REID: Some time ago on the orders of the day I asked a question of the minister regarding the allotment of beer in the various provinces, but on the orders of the day I could ask only a very brief question. The matter has never been fully explained to the public. The viewpoint in British Columbia is that British Columbia has not been fairly treated; that it has not had the same treatment as the other provinces. I understand that when the percentage reduction was made it was made on the sales or consumption of beer, wines and spirits in the previous year, but that the reduction was made on the amount that had passed through bond. The people of British Columbia have maintained that by some means or another Ontario received advance information and was able to get all its supplies through the excise department before the order came into effect, while in the other provinces those who had bought supplies were not able to get them because, although they had bought them from the breweries, their supplies had not been passed

by the excise department. In view of the agitation over this question I think a fuller statement should be made by the minister than has been made hitherto, and I would ask him to give an explanation now as to just what the situation is.

Hon. C. W. GIBSON (Minister of National Revenue): There is really no mystery about the war-time alcoholic beverages order. It was made on the 16th of December and went back to the 31st of October, 1942. It provided for a ten per cent reduction throughout the country as compared with the quantity of beer produced in the year ended October 31, 1942. Every province is treated on exactly the same basis. There is a ten per cent reduction from the amount released to each province in the previous year. In some provinces the sales had been heavy between October 31 and December 16, and that caused a shortage for the rest of the year in those provinces. In some provinces that shortage was more accentuated than in others.

Mr. REID: The reduction was on the sales?

Mr. GIBSON: The reduction is on the amount of beer sold by the brewers in each province during that period.

Mr. HAZEN: It has come to my attention that in some instances Canadian companies that have received orders from the dominion government to supply and ship overseas goods that were manufactured in the United States have paid duty on these goods when they enter Canada. Goods and merchandise that are manufactured in the United States and are purchased by a Canadian company to be shipped to some other part of the world are not subject to duty when passing through Canada to a port of embarkation. Just why these Canadian companies should have paid duty on these goods manufactured in the United States for shipment overseas is a matter that I would ask to have explained. The duties that have been paid in this way have, I am informed, amounted to thousands of dollars. I am not in a position to state how much has been paid, but I believe that at one port in seven months one company paid duties amounting to about $25,000.

The duty imposed by the government of Canada on goods entering Canada varies in amount, as, of course, the minister knows. In the case of mechanical equipment entering this country from the United States, and that is the kind of goods on which this tax has been paid in some instances at least, the duty is about thirty per cent, to which has to be added the war exchange tax of ten per cent and sales tax of eight per cent on the duty paid value of the goods, which makes the tax somewhere about fifty per cent. If duty and taxes are paid on goods of this kind, the cost of the article is increased by at least fifty per cent.

When goods enter this country from the United States a document known as a manifest, which is a notification from the customs officer at the port of entry into Canada to the customs officer at the port of destination in Canada that the goods are on their way, is sent to the customer at the port of destination; and when the goods arrive there, the Canadian company from whom the government is purchasing these goods for shipment overseas, in some instances at least, has gone to the customs house and passed an entry, as it is called; that is to say, paid the duty and taxes on the goods.

The purchaser of the goods is the government—the Department of Munitions and Supply or some other department. The goods come from the United States; they are being sent to Great Britain or some other port of the world outside Canada, and there should be no duty paid on them in Canada because they are only passing through this country. The only reason, it has been suggested to me, why these companies that are selling the goods to the government insist on paying duties and taxes is that their sales are being made on a cost-plus basis, and the payment of these duties and taxes would in consequence increase the amount they would receive from the government.

To give an illustration of the manner in which a transaction of this kind is carried out, a Canadian company—say the General Electric Company of Canada, or the Railway and Power Engineering Corporation—receives an order from the dominion government to supply and ship to some port in Great Britain or North Africa certain goods for which they have the agency and which are manufactured in the United States. The goods are shipped from the United States to Canada in packages marked for the place of destination in Canada, and when leaving the United States are assigned to the military forwarding officer at the port of embarkation, and when they reach the port of embarkation the military forwarding officer sees that they are placed on board ship for overseas. Why under such circumstances should the Canadian company go to the custom house and insist on making an entry and paying duty and taxes on these goods?

The question arises, is a racket being worked in connection with such transactions? I do not know, but I should like the minister to give us some explanation of what is actually taking

place. If there is no racket, why do these Canadian companies insist upon paying these taxes which they are not in the ordinary course of events required to pay? I ask the minister for an explantion of transactions of this kind. If there has been overcharging, steps should be taken to see that the money is refunded and that the guilty persons are punished. I do not know if there has been overcharging or not; but the transactions, it seems to me, are open to question, and I think some explanation is due this committee.

Mr. GIBSON: That is very much a matter for the Department of Munitions and Supply to reply to. Normally, when goods are brought into this country for export, if duty is paid at the border when they come in, drawback of the duty is made when the goods are exported. Munitions and supply did, I understand, buy goods on a duty-paid price, and when they came in the duty was paid; when they were exported, whatever duty had been paid would be refundable. Munitions and Supply, when they are now buying goods which are to be exported, buy them and no duty is paid at the border when they come in. The question of cost plus, or profit being made on a duty-paid value, is a matter which came to my attention some time ago and I took it up with the Minister of Munitions and Supply. Of course it is a matter depending on the terms of the contract which the Department of Munitions and Supply make. All we do is collect the duty on the goods which are dutiable, but refund the duty when they are exported.

Mr. HAZEN: In this case that has been referred to, as I understand it these people have gone to the customs house and insisted on paying these duties and these taxes. I should like to know why they did that. Why were they so anxious to pay these duties?

Mr. GIBSON: Because their contract with the Department of Munitions and Supply called for payment of duty when the goods came in. Munitions and Supply were buying the goods at a duty-paid price and the sellers were to be paid the value of the goods with the duty paid.

Mr. HAZEN: I cannot quite understand that either, because there was no duty on them. The goods were clearly marked to be shipped to Great Britain or North Africa or some other place; they were just passing through this country, so that there was no duty on those goods.

Mr. GIBSON: Yes, there was. There is a duty on goods coming into this country and the drawback has to be claimed when goods are exported. Many goods come into this country which we do not know for certain will be exported, and consequently we collect the duty when they come in.

Mr. HAZEN: If they are directed to the officer at the port of embarkation, they would come in and pass right through this country to the port, say Saint John, addressed to the officer in charge of embarkation there and marked for shipment overseas. The manifests, as I understand it, must show—at least, I think they would show—the destination of these goods.

Mr. GIBSON: As I said before, that system has been changed. If these goods are being shipped overseas and are being sent to a border point, they come in without duty because they are going straight through.

Mr. HAZEN: When these refunds were made, to whom were they made?

Mr. GIBSON: They were made to the person paying the duty, but turned over to the Department of Munitions and Supply.

Mr. HAZEN: I think I asked the minister in 1942 the total amount of refunds made under such circumstances, and in 1943, up to the end of last month, the total amount.

Mr. GIBSON: We would not keep records of that. We keep records, but not of the circumstances of all the refunds made. It would be impossible to give an answer to a question like that.

Mr. FULFORD: Has the minister any information whether the breweries are in a position to supply the public with any more beer than they are supplying at the present moment?

Mr. GIBSON: A little while ago we did make some arrangements. There was a shortage in the country owing to the oversold condition that existed between October and December when wartime alcoholic beverages came into operation, and arrangements were made to provide the camps and establishments of all our armed forces with a quota of beer which amounted, I believe, for the remainder of the year to something like two and a half million gallons.

Mr. REID: Equally between all the provinces?

Mr. GIBSON: At the rate of a gallon per man per month, wherever he happened to be stationed. We found that the brewers had a great deal of difficulty in providing that. Some of them could not increase their production,

and as a matter of fact I have recently been notified that some of the brewers have not been able to fill the quota they already have, on account of the shortage of man-power.

Mr. HAZEN: Referring again to the matter I was discussing with the minister, do I understand the minister to say that he cannot tell me the amount of goods that were transmitted to England from the United States for which entry was made and duty paid at the port of Saint John?

Mr. GIBSON: We could find it out, but the hon. member asked under the circumstances that they were coming through direct, shipped direct to Saint John for reshipment to Great Britain. I could not possibly give him those figures now. With a great deal of research we could find out what those figures were.

Mr. HAZEN: Would it take a great deal of research? By a strange coincidence I happen to have a copy of a letter which was written on March 9, 1943. I am going to read it in view of what the minister has said. It came to my hands in a rather strange way.

A. L. Hoyt, Esq.,
Collector of Customs and Excise,
Saint John, N.B.

Dear Sir,

Attached please find further report of goods in transit to England from the U.S.A., for which entry has been made and duty and taxes paid at this port.

This report is in accordance with the instructions of the assistant commissioner of customs that all such transactions be reported to him personally. The relative invoice is attached to the report.

Yours truly,
J. L. MacCoubrey,
Computing Clerk.

I would think, in view of that letter, that the figures must be readily available, and I would ask the minister to furnish me with them.

Mr. GIBSON: These are figures which undoubtedly can be procured. But the hon. member is referring to one report.

Mr. HAZEN: A further report is referred to.

Mr. GIBSON: I know. But for every shipment that goes through a report would go in. These would all have to be collected and tabulated.

Item stands.

Progress reported.

On motion of Mr. Crerar the house adjourned at 12.05 a.m.

[Mr. Gibson.]

Friday, July 23, 1943

The house met at eleven o'clock.

REPORTS OF COMMITTEES

Fourth report of special committee on social security.—Mr. Macmillan.

Third and final report of standing committee on railways and shipping owned, operated and controlled by the government.—Mr. Howden.

Second and final report of special committee on the defence of Canada regulations.—Mr. Bertrand (Laurier).

PRIVILEGE—MR. GRAYDON

BUSINESS OF THE HOUSE—CBC NEWS BROADCAST RESPECTING WAR APPROPRIATION BILL

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, before motions are proceeded with I should like to rise to a question of privilege. Last night's ten o'clock news bulletin of the Canadian Broadcasting Corporation contained an item which reflected upon members of the House of Commons. The news broadcast stated that Canada's largest war appropriation bill, amounting to $3,890,000,000, was given its first, second and third readings within a few minutes during yesterday's session—I believe "ten minutes" was the actual expression used. Such a statement, without an explanatory background, might readily lead Canadian listeners to conclude that insufficient consideration had been given by the House of Commons to this important measure. Actually no legislation of like character in Canadian parliamentary history had been the subject of as close scrutiny and inquiry, or had been as long and thoroughly debated as the resolution upon which this bill was founded.

Some hon. MEMBERS: Hear, hear.

Mr. GRAYDON: I am glad that government members seem to be satisfied that we have made a good job of scrutiny. It is true that the formal readings of the bill required only a few minutes of the time of the house, but in justice to hon. members in this chamber I think it should be asserted that 44 out of the 117 sitting days of this session have been spent in debating that resolution. I rise to this point of privilege in order that there may be no possible misunderstanding on the part of the public in the matter.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am pleased that the leader of the opposition (Mr. Graydon) has

raised this point. As a matter of fact I had intended doing so myself if my hon. friend had not done so.

Mr. GRAYDON: I do not very often get ahead of the Prime Minister.

Mr. MACKENZIE KING: That is true—and I hope my hon. friend never will.

Mr. GRAYDON: Perhaps this is just a start.

Mr. MACKENZIE KING: I have prepared a memorandum which helps to emphasize what the leader of the opposition has just said.

On February 26 the Minister of Finance moved that the house go into committee to consider the war appropriation bill. On March 3 the Minister of Finance presented a table showing a break-down of the various estimates. Then the resolution was considered in committee on May 13, 14, 18, 21, 24, 25, 26, 27, 28 and 31; June 1, 2, 4, 7, 8, 9, 10, 11, 14, 15, 16, 17, 21, 22, 23, 24, 25, 28, 29 and 30; July 1, 5, 6, 7, 8, 12, 13, 14, 15, 16, 21 and again yesterday. As my hon. friend has said, it has been considered during 44 sittings, lasting over a period of nine weeks. I believe that fact makes it quite clear that, as my hon. friend stated, there has been no financial measure in the history of this parliament which has received the amount of consideration—careful consideration—and full discussion that this particular measure has received.

May I point out at this time wherein I believe the error made in the news broadcast arose. As the house is aware, money bills are preceded by resolutions. I have said time and again to the Clerk of the House who, from my conversations with him, holds a similar view, and so states in his volume dealing with procedure in the house, that the resolution was never intended to be more than a notice to the house that a money bill was being brought down, and that it had been approved by His Excellency the Governor General. I have pointed out, and he agrees, that it was never intended that a lengthy debate should take place on the resolution stage of any financial measure. The resolution is intended to be in the nature of a warning to the house that a financial measure is to be considered. Certainly, until recently, this parliament has passed many such resolutions as a formal procedure. However we have begun to adopt the practice, one to which I have objected time and again, and to which I still object of proceeding to discuss at length on the resolution stage the main features of a bill. This session of parliament, or a very large part of it, has been taken up in the discussion of the resolution in question. There was nothing further left to discuss on the bill itself that is why no discussion whatever was required when the bill was presented, and why there was no delay in passing its second and third readings. I hope these points will be made clear to the public, because they are in explanation of why the bill itself, which was based on a resolution, passed through the house as rapidly as it did. The whole subject matter was very fully discussed on the resolution stage.

Mr. GRAYDON: The Prime Minister has discussed the point in some detail, and I believe I might be justified in adding something further. In order that there may be no misunderstanding on the part of the public, and that we may not have the criticism which from time to time is offered to the effect that large sums of money are passed through parliament with what, to some, is regarded as inadequate consideration, may I add a word with respect to the civil estimates we are now considering. I believe hon. members will agree that the principles embodied in the estimates for civil expenditures and the subjects covered thereby were in most instances dealt with at length when we were discussing the war appropriation resolutions. I believe therefore it would not be in the interests of the country or of parliament that in the discussion of the civil estimates there should be any great measure of repetition.

True, there are some matters which do not come within the purview of the war appropriation, and to these we as the opposition intend to give the greatest care and scrutiny as they are presented. But I think it would be the wish of parliament and of the country that there should be no unnecessary repetition of discussion in a war time period. I make this statement as complementary to that which has been made by the Prime Minister.

Mr. MACKENZIE KING: Again I should like to thank the leader of the opposition for having directed the attention of the house and the country to a very important matter. I agree entirely with all that he has said. With respect to the ordinary estimates, they have been before the house from the moment the debate on the address was completed. They differ little in any particular from the ordinary estimates which have been voted year after year by this house during the last four years. They relate to the necessary business of government, hon. members have discussed similar items in previous sessions, perhaps not the exact amounts that are here, but the subjects that are indicated, and hon.

members know whether the items have changed in a significant way. Moreover, the government has sought to ascertain from the different parties any particular items in the estimates which any of their members feel should be brought forward for consideration before other estimates are taken up. In other words, if there are any estimates which hon. members who have given special study to the estimates feel should be considered before others, the government will try to meet the wishes of hon. members in that regard. But it is true that the war appropriation bill has dealt with practically all departments of government and there has been on that measure the fullest opportunity for discussion of practically everything bearing upon the various subjects which appear in the ordinary government estimates.

WAR EXPENDITURES COMMITTEE

CHANGE IN PERSONNEL

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

That the name of Mr. McGregor replace that of Mr. Boucher on the war expenditures committee.

Motion agreed to.

OFFICE ECONOMIES CONTROL

APPOINTMENT OF T. P. MURPHY AS DIRECTOR

Hon. L. R. LaFLECHE (Minister of National War Services): I wish to table copy of order in council P.C. 5642, of July 16, 1943, naming Mr. Thomas P. Murphy to head the government office economies control.

NAVAL SERVICES

ESTIMATED EXPENDITURES FOR PERSONNEL SUPPLIES AND SERVICES, ETC.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): When the estimates of the Department of National Defence for Naval Services were being considered certain questions were asked and I promised to get the answers in due course. I should like to table these answers in the form of returns to orders of the house. The first question was asked by the hon. member for St. John-Albert (Mr. Hazen), as reported on page 3519 of *Hansard*, and the second one was asked by the hon. member for Peterborough West (Mr. Fraser), as reported on page 3524 of *Hansard*.

BUSINESS OF THE HOUSE

SUSPENSION OF PROVISO TO STANDING ORDER 28

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

[Mr. Mackenzie King.]

That standing order 28 be suspended for the remainder of the session in relation to the proviso that, except by unanimous consent of the house, the estimates of each department shall be first taken up on a day other than Thursday or Friday.

Motion agreed to.

TORONTO SHIPBUILDING COMPANY

SUGGESTED INQUIRY INTO CONDITIONS AT TORONTO YARDS

On the orders of the day:

Mr. A. R. ADAMSON (York West): I should like to direct a question to the Minister of Munitions and Supply, a copy of which I have already sent to him. In view of the conditions which appear to exist in the yards of the Toronto Shipbuilding company, as disclosed in papers which have been tabled in this house, has the government under consideration the institution at once of a comprehensive inquiry.

Mr. LIONEL CHEVRIER (Parliamentary Assistant to the Minister of Munitions and Supply): I have no knowledge of the hon. gentleman having sent a notice of his question, but I shall see that a reply is obtained.

MUNITIONS AND SUPPLY

FERGUSON SHIPBUILDING YARD—CESSATION OF WORK ON PARTLY COMPLETED TUGS

On the orders of the day:

Mr. LIONEL CHEVRIER (Parliamentary Assistant to the Minister of Munitions and Supply): I should like to refer to a question asked by the hon. member for Cape Breton South on Wednesday of this week. It referred to the cancellation of a contract in a ship yard at Pictou. I have looked up *Hansard* and I find that on at least two occasions the Minister of Munitions and Supply (Mr. Howe) discussed this subject in the house. The first time was during the consideration of the war appropriation resolution and again, I believe, in answer to a question asked by the hon. member for Cumberland (Mr. Black). On both those occasions the minister went into the question quite fully and answered the inquiries which were made by the hon. member for Cape Breton South. I have nothing to add to those statements.

Mr. GILLIS: Mr. Speaker, may I comment for a moment on that answer?

Some hon. MEMBERS: No.

Mr. GILLIS: I would like to ask the parliamentary assistant if he has made any check on the matter as I requested on Wednesday.

My question on Wednesday was based on the fact that the statement made by the minister in the house on this matter was incorrect.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. GILLIS: I have evidence to support that. The answer given is absolutely unsatisfactory.

WAR CONTRACTS DEPRECIATION BOARD—CERTIFICATES OF NECESSITY

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): I am sorry I have not been able to give notice of the question I am going to ask the parliamentary assistant to the Minister of Munitions and Supply because I became aware only last evening of the difficulties which certain contractors are having in connection with appearing before the war contracts depreciation board. I do not expect an answer to my question to-day, but perhaps the parliamentary assistant could advise me if there has been any change in the policy of the Department of Munitions and Supply in regard to the granting of certificates of necessity required by contractors when they wish to appear before the war contracts depreciation board. If there has been any change, has it been covered by any departmental letter, circular or directive changing or clarifying the procedure, and are copies of such regulations available for distribution?

Mr. CHEVRIER: I believe I can answer the hon. gentleman's question. A memorandum has been sent out in connection with the whole subject of depreciation, and I shall see that the hon. gentleman gets a copy. It covers the situation very fully.

Mr. MacNICOL: I wish to thank the parliamentary assistant for his prompt answer.

DEFENCE OF CANADA REGULATIONS

REFERENCE TO ARTICLE BY MAX EASTMAN IN "READER'S DIGEST"

On the orders of the day:

Mrs. DORISE W. NIELSEN (North Battleford): Since there has been considerable editorial comment in the United States press upon the infamous article written by Max Eastman in the "Reader's Digest" and reprinted in the Toronto *Telegram*, and since it would appear to be in direct contravention of subsection 1 of 39A of the defence of Canada regulations, would the Minister of Justice, now that he has had an opportunity of reading the article, please give the house some information as to how he intends to proceed or what action he intends to take?

Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, the Minister of Justice refers such matters to the law officers of the department for their opinion in view of their experience, and that is being done in connection with the article to which the hon. member called attention the other day.

BUTTER

PRINCE EDWARD ISLAND—MARKET AND STORAGE FACILITIES

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, may I direct a question to the Minister of Finance in the absence of the Minister of Agriculture. Last night's Ottawa *Journal* carried an extract from the Summerside *Journal* of Prince Edward Island which states:

> A report received in Charlottetown from Bristol, King's county, said that a carload of butter shipped from the Morell cooperative creamery to the mainland was returned with the blunt statement "No market, all storage filled up!" This butter at last week-end was reported still on the railway siding at Morell, while the creamery management was seeking a market or storage facilities, while tons more were in process of being manufactured.

Will the minister make inquiries and state whether that is correct?

Hon. J. L. ILSLEY (Minister of Finance): I will make inquiries and consult with the acting Minister of Agriculture.

Mr. GRAYDON: Who is officially the acting Minister of Agriculture?

Hon. T. A. CRERAR (Acting Minister of Agriculture): I know nothing about the question raised by the hon. member for Weyburn, but I shall endeavour to get the information and give it to the house to-morrow if we are so unfortunate as to be still in session then.

NORTH-WEST FIELD FORCE

INQUIRY AS TO PENSION OR OTHER ASSISTANCE

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I would like to draw the attention of the house before it closes to an important matter. The minister of pensions said with reference to the Northwest Field Force that 126 members of the house have written the Toronto committee saying they would like to have this matter discussed. The minister promised that we could take it up on an item in his estimates but it will be impossible to do that now because thirty-six members who wanted to take part in the discussion have gone home. The soldiers of the Northwest

rebellion returned fifty-seven years ago. There were 5,000 of them called out and not one of them has cost the country a cent.

Mr. SPEAKER: Order. The hon. member is hardly in order on the orders of the day.

Mr. CHURCH: Just a moment please, Mr. Speaker. The minister promised that this matter would be discussed on an item in the house, but now it is impossible to do so because 36 members who wanted to take part in the discussion have gone home and they have asked me to bring it before the house. There are only 250 members of the northwest field force left.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): On a question of privilege, and not in reply to a question that is out of order, I said that this matter could be discussed on item 239 of the estimates dealing with pensions to the men of the Northwest rebellion. The question specifically refers to that item, and I shall be glad to discuss it when it is reached. If the house will give me permission to add one word, the only question at issue is not pensions for these men, because they have the same right to pension as those who served in the South African war and in the great war, but whether we should extend the provisions of the War Veterans' Allowance Act to men who are now over seventy. The only way in which it could be done would be to declare the rebellion area a theatre of war, and I might point out that we could not do that unless we granted the same privileges to Canadians who served in England and Canada during the great war.

Mr. CHURCH: They said it came up that way last year and it did not. It is most unfair treatment for the veterans of 1885.

[*Later:*]

Mr. GORDON GRAYDON (Leader of the Opposition): Apropos of the question directed to the Minister of Pensions and National Health by the hon. member for Broadview, I was disappointed that the minister took the position he did, because I think the minister recognizes full well that the hon. member has had for some considerable time a desire to raise this question, either on a motion for adjournment or on going into supply. He was only attempting on this occasion to bring to the attention of the house a matter which had been with him for some considerable time and is of long standing. I point that out to the minister by way of clarification, in case he is under any misapprehension. I know that a great number of people are anxious that this legislation should be introduced by the government this session.

Mr. MACKENZIE (Vancouver Centre): I did not refuse to give any information to the hon. gentleman. I pointed out what was the proper and correct way to give the information, which would be probably later on to-day on an item in the estimates specifically concerning this very thing. I take the same position as I did a year ago. A committee of this house sat and considered this matter and made recommendations that the matter be considered by the government. I said a year ago that when the Veterans' Allowance Act was amended, as it would have to be later on, we should be glad to give the fullest possible consideration to the representations being made. I may tell the hon. gentleman that I and those who sit on this side of the house are as much interested in the welfare of these old veterans as he is.

Mr. CHURCH: Nothing will be done but talk. There are protests from a hundred places and support asked for it.

DOUKHOBORS

POWERS OF POLICE TO ARREST FOR DISREGARDING NOTICE OF ALTERNATIVE SERVICE

On the orders of the day:

Mr. W. K. ESLING (Kootenay West): Mr. Speaker, the Minister of Labour has expressed doubt as to the authority of selective service officers to proceed under existing regulations against Doukhobors who fail to answer the call unless a court order has first been secured. The other day the hon. member for Yale (Mr. Stirling) asked the Minister of Justice whether a ruling had been requested by his department. The reply was in the negative. Therefore I have suggested both to the Minister of Labour and to the Minister of Justice that I would seek further information to-day.

My question is: Must there first be a court order to bring before a magistrate a Doukhobor who fails to register, and must there be a second court order in order to secure his conviction for failure to answer the call? Should he be convicted of such failure, must there be a further court order to permit the selective service officer to take him to an alternative service camp?

The records of the government show that there are just 350 Doukhobors of military age who have not answered the call. My question

to the Minister of Labour is, how many, if any, Doukhobors, have been convicted of failure to register, and how many, if any, have been subjected to the penalty provided, which is $200 or three months in prison?

How many, if any, of the 350 Doukhobors of military age who have failed to answer the call and have failed to register have been convicted? Has the government taken any action against the 2,600 Doukhobors who failed to register at the 1940 registration, which involved a penalty of three months' imprisonment and a fine of $200? I want to emphasize their defiant attitude towards this government, and I do so by stating that I have a communication from the Union of the Spiritual Communities of Christ, of British Columbia. It comes from the centre of the Doukhobor element in my district, and in order that the members may have a verbatim announcement with respect to the defiant attitude of the Doukhobors I ask permission to have my leader read this communication to the house.

Mr. SPEAKER: I did not wish to interrupt the hon. gentleman when he was asking his question, but he has taken much more latitude than I think I ought to allow him. Perhaps the leader of the opposition would read the communication and close.

Mr. GORDON GRAYDON (Leader of the Opposition): I would seek your indulgence, Mr. Speaker, in this particular instance, if I may. The letter which the hon. member for Kootenay West has asked me to read in conjunction with his statement is dated Crescent Valley, July 7, 1943, and reads:

> In regards to doing alternative service for aiding war effort (to whomsoever it may be) we must repeat in reply that to all true members of the Spiritual Communities of Christ this is absolutely unthinkable. Instead, we consider it our historical obligation to raise our full voice of protest against your insane rush into the fires of destruction Satan has started upon earth. (Signed)—Members of the Union of the Spiritual Communities of Christ.

Mr. ESLING: What is the government going to do about it?

Hon. HUMPHREY MITCHELL (Minister of Labour): I shall be glad to look into the rather extended remarks of the member for Kootenay West and endeavour to give him a reply to-morrow.

SUGAR

STATEMENT IN RESPECT TO SUPPLIES FOR CANNING IN THE UNITED STATES

On the orders of the day:

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, the leader of the opposition asked me to make a statement about the situation in the United States with regard to the supply of sugar in the United States for canning purposes.

Our latest advice from the United States is that all consumers may obtain a general allowance of 10 pounds per head for home canning and preserving. In addition, upon application to a local ration board, and completion of various declarations each applicant may be allowed additional sugar up to a maximum of fifteen pounds per head, thus providing for a maximum possible allowance of 25 pounds per head, as stated by the leader of the opposition.

While this plan has been announced, it is not clear as to just what will happen if a large number of people in the United States do in fact apply for the extra allowance. If the experience is similar to that in this country, the total amounts applied for will far exceed both the amount of sugar available, and the amount required to put up such fruit as is available.

The over-all international allocation of sugar is made by the combined food board, on which Canada is represented. Sugar consumption in the United States in 1942 was 10,610,000,000 pounds, compared with 900,000,000 pounds in Canada. This is an approximately equal per capita amount. Presumably the over-all international allocation will continue to maintain this balance, and each country will have to make its own internal allocation. The amount allocated to any one purpose within Canada—or in the United States—can only be decided in the light of all relevant circumstances, particularly the amount used for other related purposes, such as the amounts used for commercial jam making and fruit packing.

In spite of the anticipated reduction in the fruit crop this year, the amount of sugar allocated for home canning is the same as the amount used last year. There is no justification for an assumption that more sugar will be required. What has happened is that a far greater number of people will participate in the use of sugar for home canning this year—with a consequent reduction in the amounts which heretofore were used by some persons. This is what rationing does.

INQUIRIES FOR RETURNS

CHRISTIE STREET HOSPITAL—VOLUNTARY NURSING AIDES—PROPOSED ADDITIONAL BUILDINGS

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): I wish to address a question to the Minister of Pensions

and National Health. On several occasions I have asked for a return for which the order has been passed, in respect of a question asked on July 14. Is there any reason why I may not have that return made?

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): I looked into that yesterday and was assured that the return would be ready to-day.

Mr. BRUCE: An order for return with relation to another question was made yesterday. May I have an answer to it?

Mr. MACKENZIE (Vancouver Centre): My hon. friend is very impetuous. An order for return was made by this house yesterday and he expects me to have it down to-day. It affects four departments of government and will be made as soon as possible, but it will not be ready to-day.

[*Later:*]

Mr. BRUCE: Mr. Speaker, may I rise to a question of privilege. A few moments ago I asked when I might have answers to certain questions from the Minister of Pensions and National Health. I am not satisfied with the answer given me by the minister to the inquiry with respect to the bringing down of reports in response to questions asked in this house. He said that I was impetuous and that a return would not be made to-day. As the house will very shortly adjourn, I am anxious to have a reply to these questions so that I shall have them available when I discuss the estimates of his own department. I do not think I can be accused of being impetuous. I asked one question on July 14 and it would take an efficient clerk not more than an hour to give the answer. As regards the question I asked for which an order was made yesterday, it would not take half an hour to give me the reply. It would appear to me that in giving answers as has been done there is a deliberate attempt to deny me that to which I am entitled.

Mr. MACKENZIE (Vancouver Centre): I rise to a point of order and I want an immediate retraction of the word "deliberate." No minister has been more anxious to furnish answers to questions, or information asked for, by means of orders for returns, than I am. This order was passed yesterday. It affects the three defence services and my department as well. It should properly go to the Secretary of State. He should make the return to the house. But I am supposed by the hon. member to make the return this morning. It is an absolute impossibility. I can promise him that as far as my department is concerned there will be no delay whatsoever in supplying the information at our disposal, but I protest against any member saying that a minister is deliberately withholding an order for return. I want that word retracted here and now.

Mr. BRUCE: I should like to ask if that term applies—

Mr. MACKENZIE (Vancouver Centre): I rose to a point of order. I want a retraction of that word.

Mr. BRUCE: I was referring to the return which was passed on July 14, and which I have not received.

Mr. MACKENZIE (Vancouver Centre): I told my hon. friend that I asked my staff yesterday in regard to that return and was assured that it would be ready some time to-day. As soon as it is ready it will be tabled in this house.

Mr. SPEAKER: I believe the hon. gentleman should withdraw the word "deliberately."

Mr. BRUCE: If you say it is unparliamentary, Mr. Speaker, I have no alternative but to withdraw.

Mr. MACKENZIE (Vancouver Centre): That is a very graceful way of doing it.

Mr. GRAYDON: I realize that it is near the end of the session and that tempers may be a little frayed, but I think perhaps the Minister of Pensions and National Health might have used a happier word himself than "impetuous." I say that in the friendliest way, because I know he has no desire to be discourteous, and I think it would be in order if this were called a tie.

Mr. MACKENZIE (Vancouver Centre): I will call no tie at all with the hon. member for Parkdale, and I refuse to be insulted by him.

CANADA EVIDENCE ACT

AMENDMENT WITH RESPECT TO TAKING AFFIDAVITS ABROAD—CONCURRENCE IN SENATE AMENDMENT

Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of and concurrence in an amendment made by the Senate to bill No. 74. to amend the Canada Evidence Act.

Mr. A. W. NEILL (Comox-Alberni): Will the minister explain?

Mr. ST. LAURENT: This was a bill to amend the Canada Evidence Act. It provided that affidavits taken by the officers mentioned in the bill would have the same effect as affidavits taken before properly authorized officers in Canada; and the senate has replaced the word "officer" by the word "person".

Mr. GRAYDON: What is the reason for the change?

Mr. ST. LAURENT: I cannot say, unless it was felt by the hon. members of that other house that the word "person" being a more general word, and being followed by the words "authorized to administer or take affidavits" was sufficient without further restricting it by giving to such person the title of "officer".

Mr. GRAYDON: It seems to me that under the act no one except an officer would come under the category of "person" in this respect.

Mr. ST. LAURENT: No, I do not think that anyone but an officer would come under that description. But it is a person authorized to do a certain thing, and whether he is referred to as an officer or as a person is, I think, quite immaterial to the application of the act.

Motion agreed to; amendment read the second time and concurred in.

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO BETTING, PREVIOUS OFFENCE CHARGED, ETC.—CONCURRENCE IN SENATE AMENDMENTS

Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of and concurrence in amendments made by the senate to bill No. 107, to amend the criminal code.

He said: I so move because, at this stage of the session, I do not think it would be appropriate to ask for a conference to discuss these amendments which have to do with sections 7 and 8 of the bill. Hon. members will remember the debate we had on those sections and how it was explained that they were introduced at the request of some of the attorneys general of the provinces who found difficulty in curbing as they would wish to do the evil of betting and bookmaking prevalent in their localities. Hon. members of the other house have come to the conclusion, from the situation in the country as they know it, that the amendments are unnecessary. They set up their opinion against the opinion of the attorneys general who are administering justice. I regret it. I should have preferred to see the bill stand as passed by this house. But there will be other sittings of this house, and if in the meantime the opinions expressed by the attorneys general are persisted in from the result of their experience, I shall expect to have the honour at another session to come back before parliament with appropriate suggestions. In the meantime, one of the amendments consists in striking out the clause that has to do with advertising, printing and publishing material likely to assist or likely to be used in connection with bookmaking.

Mr. NEILL: Section 8?

Mr. ST. LAURENT: Yes. They struck out section 8 entirely. Though it had been subjected to the proviso that it would not apply to bona fide newspapers, the section in the code as it stood before was found by some of these attorneys general, or their deputies, to be insufficient to prevent the issuing of these tipster sheets which are very frequently put out for the purpose of aiding in bookmaking. The other house has refused to accept section 8. As to section 7, they have taken out the words, "in such manner as to be likely to be used," so that the former paragraph as it stood will remain, with the words inserted, "or outfitted or equipped" and will so read as to define a common betting house as a place open, kept or use or outfitted or equipped for the purpose of facilitating or encouraging or assisting in the making of bets. They have taken out, after "outfitted or equipped", the words "in such manner as to be likely to be used." So that under the provision as it stands, with their amendment, the court will still have to find the subjective intention of the person doing the thing with which he is charged.

I regret that they took that attitude, but at this time I do not think it would be advisable to have a conference over the matter, and I think we may see whether, with the insertion of the words they have left in, it meets the situation complained about by these attorneys general or whether anything further will be necessary at some future time.

Mr. GORDON GRAYDON (Leader of the Opposition): Section 7 received the careful and earnest attention of a number of hon. members when the bill was in the committee stage. There was a good deal of debate on that question, perhaps more than on any other single provision of the amendment to the criminal code. If my memory serves me correctly, although I did not take part in the debate myself, it was only after a good deal of careful consideration that the amendments as they then appeared were passed by the committee and by this house and sent to the other place, being finally disposed of in the way in which the provision is now

before us. The situation which we are now considering is of course vastly different from that which existed when the bill actually passed this house. I may not be in order in asking the minister to answer a question at this stage, but this amendment having been founded upon submissions made by one, or by several attorneys general of the provinces, may I inquire of the minister whether or not, before resubmitting the matter to the House of Commons for its attention, he took occasion to get into touch with the attorneys general, who in the first instance asked for this particular legislation. I am not in a position to pass seasoned judgment on the matter now before the house. The other place has made certain amendments, but it does seem to me that, after careful consideration by this house of a point which was germane to the whole subject matter of the section, that point has now been removed from the bill. Therefore either the discussion which we had before must go for naught, or we must make a protest. I do say, with reference to this particular change, that before the government finally decided to pass it—and my main object in rising at this time is to point this out to the minister—he ought, before coming to the house now, to have received at least the reaction of the attorneys general to whom reference was made when the bill was under discussion in this house.

Mr. ST. LAURENT: Without violating the rules of the house, if there is no further debate, I may reply to the questions asked by the leader of the opposition. Of course, under the constitution, legislation has to be passed by both houses of parliament.

Mr. GRAYDON: That is self-evident.

Mr. ST. LAURENT: The other place has refused to acquiesce in the views that we submitted, though the substance of the debate that took place in this house was placed before them. So that I do not think that at this time a conference would be apt to advance the matter, and in my opinion it is preferable to pass the bill in the form in which it has been returned and reintroduce it if the manner in which it has been amended proves unsatisfactory.

Mr. GRAYDON: I do not think my hon. friend has taken into consideration the question I asked about the reference of this matter, as regards the changes, to the attorneys general of the provinces.

Mr. ST. LAURENT: There has been no opportunity to do that since the amendment was made in the other place.

Motion agreed to; amendments read the second time and concurred in.

[Mr. Graydon.]

SUPPLY

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

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

183. General administration, $1,033,725.

Mr. HAZEN: If this is the item covering the matter I brought up last evening, perhaps the minister would make some further statement in that regard. I should like him to tell us, if he would, whether in connection with contracts made by the government on a cost plus basis it has ever come to his attention that duties have been paid in order to bring about an increase in price by the person or company selling to the government.

Hon. C. W. G. GIBSON (Minister of National Revenue): No such information has come to my attention.

Item agreed to.

Income tax division—

187. General administration, including authority to create positions and make appointments within the division notwithstanding anything contained in the Civil Service Act, and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act, $684,300.

Mr. GRAYDON: This gives me an opportunity to bring to the attention of the minister the multitude of complaints hon. members have received since the minister last had his estimates before the committee in connection with the war appropriation resolution, because of the fact that, despite the attempts which have been made to simplify the income tax forms, they still remain exceedingly complex. A storm of protest has risen across the country in regard to this matter. Frankly as a layman I am not able to suggest to the minister how the forms may be simplified further under the present system of taxation. It may be that the system is at fault, but I believe people have great difficulty in differentiating between the normal tax and the graduated tax; and when you have in addition the various exemptions and the compulsory savings feature, it becomes almost a Chinese puzzle to the average man across Canada. In earlier years, before the incidence of taxation became so severe, this matter was not perhaps so serious; but to-day, with the heavy incidence of taxation and so many more of our people being required to make out these forms the matter has become exceedingly important. Many people are not in a position to obtain the assistance of lawyers and accountants; they have enough taken off their cheques and out of their pay envelopes already, without going to any further expense to have someone

show them how much they must pay the government. Perhaps that is putting the matter in a very simple way, but I believe that is the way most of the taxpayers of Canada would put it to the minister if they were in this chamber. The whole matter of the incidence of our income tax will have to be given serious consideration by the minister in the interval between this and the next session of parliament. No doubt before this the minister and his assistants have reached the conclusion, in view of the protests that have come from every corner of the country, that some simpler way must be found whereby the people may contribute to the war effort. I am speaking as one who knows very little about accountancy; there are not many experts in that line in this house, but I can say that unless there is some further adjustment of the incidence of this taxation and some simplification of the forms by which taxes are calculated, there will be grave dissatisfaction throughout the country.

At this stage of the session I am not going to discuss this point in detail, but in what I have said I believe I am reflecting the views of hundreds of thousands of taxpayers in Canada who are finding it increasingly difficult to make out these forms. Having in mind the experience of the average person, I have no doubt the minister will find that the inaccuracies and errors in the income tax returns which have been filed this year will amount to a staggering total, and I doubt if the department will ever be able to catch up with those errors and assess the proper taxation. When you make your forms so complex that the average man or woman is unable to understand them, you run into a heap of trouble, which I think the department should make every attempt to avoid.

I bring this matter to the attention of the minister only in order to reflect an ever-growing sentiment in this country. It may be that the suggestions of those of us who are not able to say how these difficulties may be overcome will not be very helpful, but having regard to the broad coverage of our taxation system I am convinced that something must be done to bring about some simplification of it. It is of immediate and imperative necessity that the departments alter the scheme in order that the people of Canada may know how the amount was arrived at, in a simple fashion, and in a manner which will meet the needs of the average citizen.

Mr. REID: First of all, may I compliment the leader of the opposition upon drawing this matter to the attention of the minister. In fact I might doubly compliment him because, despite his being a lawyer, he wishes to simplify rather than complicate forms for the preparation of which most people have had to have legal assistance.

Mr. GRAYDON: And I am not so sure the lawyers know much about them either.

Mr. REID: Yes, I am inclined to believe that, especially when one hears around the corridors of the House of Commons that many members of parliament, including some lawyers, were stuck when it came to answering questions appearing on the income tax form. In these circumstances, I have wondered how the average citizen has fared.

Complaints have been made in connection with the collection of income tax from workers. Much has been said about absenteeism. I am not saying that this manner of collection has been the cause of absenteeism, but I do know it is creating a great deal of indignation among the workers. I am reliably informed—and if my information is not correct, the minister will deny it—that while a worker may be deducted on the basis of his regular earnings, in the event of his beginning to work overtime the deductions are made at the overtime rate. Many workers are reluctant to work overtime, because they say if they do so, and their rate of pay is increased from, we will say, $1 to $1.50 an hour, the income tax deduction is made at the rate of $1.50 an hour. If this practice is now in effect, a change should be made so that taxation will be taken off at the ordinary rate of wages. I am told this practice has caused much discontent, and it may be the cause of a certain amount of absenteeism. I join with the leader of the opposition in the recommendation he has made.

Mr. GIBSON: The leader of the opposition has spoken about the complicated nature of our tax structure. I must agree with him that it is complicated, and that very fact places a great burden upon my department when it attempts to produce forms which make due provision for the sections in the Income War Tax Act. I believe the officers of the Department of National Revenue deserve some credit for the manner in which they have drawn up forms which include all allowances and deductions for which provisions are made in the act. They have made every effort to produce as simple a form as possible, under the act as it stands to-day. In addition they have produced, for those who use the T-1 form, a simplified table for computing the total normal and graduated taxes, and I believe it is of great assistance to taxpayers in working out their taxation.

Of course it does not help them in computing their taxable income. That must be done by completing the form itself.

The question of taxation of workers for overtime is one which has been given serious consideration. It is receiving attention at the present time, and we are attempting to find out if any other method may be adopted for deducting the tax at the source from a man who in one week earns perhaps a considerably increased amount as a result of his overtime work. While it would not affect his total tax over the year, if we could make some arrangement whereby we would take an average tax from his earnings, it would prevent an over-deduction being taken from one payment, and a refund being necessary at a later date.

Mr. BLACK (Cumberland): I should like to press upon the minister the necessity of doing something in connection with what is considered to be an excessive tax on the workmen in the coal mines. The production of coal is an emergency operation, as indicated by the Prime Minister, and known by almost everyone in the country. Householders in cities are not able to get any assurance that they will get coal this winter to heat their houses and places of business. I would not say that in the county of Cumberland any workmen have deliberately stopped work because of this tax. But I will say there is not the incentive to continue to produce, or to exert themselves unduly. They do not feel the urge to work six full days a week, and overtime, to bring about the necessary production, because they feel they are unduly penalized on any earnings they may make over and above a certain amount. I must say I have a great deal of sympathy for them in that point of view. It is understood that miners should not be expected to work more than four days in the week. When they work five or six days a week, and the extra earnings are taxed at what they consider an exorbitant rate, all incentive is destroyed. I would urge upon the minister that he come to some decision in the matter as quickly as possible, and give some concession to the coal miners in order that they may work to the full limit of their capacity.

Mr. GILLIS: The matter now under review was thoroughly discussed with the Minister of Finance and the Minister of National Revenue. I understand that on the basis of previous representations the department has been considering some modification of deductions at the source. Would the minister care to make a statement in respect of that matter?

[Mr. Gibson.]

Mr. GIBSON: I am glad to be able to say that to-day we are having discussions with representatives of the miners from the maritime provinces. The two officials with me this morning have been at that conference, and will be returning to it as soon as possible. An attempt is being made to arrive at some method of deduction which will provide that an undue deduction will not be made from a man's pay when overtime is included.

Mr. BLACK (Cumberland): Who are sitting in on that conference? Are representatives of the workmen on it?

Mr. GIBSON: Yes, the labour union as well as representatives of the Department of Labour and of the Department of National Revenue.

Mr. JOHNSTON (Bow River): I am pleased to hear the minister say a conference is taking place with representatives of the miners from the maritime provinces. But I do not understand why only miners from the maritimes are being consulted, when there are miners in other parts of Canada. Their organizations should be consulted too, inasmuch as union officials are being consulted in the matter.

I should like to associate myself with what has been said in connection with taking the tax at the source. I believe that is a cause of much dissatisfaction, especially the feature of it connected with overtime. As has been pointed out, when the deduction is made at the source it is taken at the higher rate of pay, a fact which leads to much misunderstanding. A few days ago, when this matter was discussed at some length under the estimates of the Minister of Finance, the Minister of National Revenue pointed out that a man was not taxed more because he produced more, and that therefore this factor should not be the cause of absenteeism. I did not know this item was to be discussed this morning, or I would have brought my correspondence to the chamber with me; but I believe I am quite safe in saying that I have at least half a dozen letters from people in different parts of the country, one of them from the maritimes and another from British Columbia, complaining about this situation. The letter from British Columbia pointed out that the writer was penalized $3 more in taxation because he was working overtime. If he had not worked overtime he would have been $3 ahead. The minister may say that a mistake has been made in computing the tax; I do not know, because I have not gone into the case thoroughly. However, there is considerable dissatisfaction when the tax is deducted at the

source. The minister has said that a conference is being held to see if this difficulty cannot be overcome. If something can be done it will be worthwhile. As things stand at present the men are dissatisfied, and I believe this is one of the principal causes of absenteeism, not only in the coal mines but in our munitions and shipbuilding plants. If it can be made clear that men will not be penalized because they work overtime, I think a good deal of the dissatisfaction will be eliminated.

I believe in overtime production, but there should be some overtime or production rate paid. I speak without having given very deep thought to the matter, but probably some arrangement could be worked out whereby regular time free of taxation could be paid for overtime, instead of paying time and a half and then deducting the tax. Generally speaking, I think that would be a satisfactory arrangement. I have associated with workers for thirty years and I feel quite sure that there is not one of these men who is not desirous of going back to work longer hours, sometimes under severe handicaps, in order to increase our war production. This applies equally to men working in the mines and in our munitions factories. But they do resent being taxed on their overtime pay. If straight time for overtime was paid without deducting at the source, I think you could increase your production a great deal.

Mr. GIBSON: When I said that we were meeting representatives of the miners from the maritimes, I should have stated that we are meeting representatives of miners from all over Canada. If the hon. member for Bow River will let me have the details of the case in which the man was taxed on his overtime, I shall be glad to look into it.

Mr. HAZEN: I am informed that no overtime is paid to the girls and women who work extra hours in the income tax branch. I do not know whether this condition prevails all over Canada, but it does in my own constituency. After working all day girls are ordered back at night. It is true they are paid sixty cents for their dinner, but they receive no pay for the extra time they work. I do not think they are getting a fair deal by being treated in this way. They should receive extra pay for the extra work they do. I should like to know the grounds upon which the government bases its decision that they should not be paid.

Mr. GIBSON: Overtime is not paid to clerical workers in the civil service who are required to work extra hours. In war time it is necessary in some departments to work beyond the hours that are customary in peace time. At the present time we have a heavy rush of work in the income tax branch. Our establishment has been increased, but the difficulty is to get qualified people to fill the positions as rapidly as we should like. There are times when the staffs are required to work overtime, but, as I say, throughout the civil service as a whole no overtime pay is granted to those who work extra hours.

Mr. HAZEN: If they belonged to a trade union they would quickly have overtime pay, probably time and a half. I cannot understand upon what basis you can ask these people to come back and work overtime and not pay them. It is not fair that they should have to work hard all day and then come back night after night and receive no extra pay. What hours are worked here in Ottawa?

Mr. GIBSON: The hours of the Ottawa office are from 8.15 a.m. to 5.15 p.m. We have a very loyal staff and have had no complaints from them when they are called upon to work overtime. They realize that in war time there are extra demands, and they have willingly accepted the situation as it exists.

Mr. ROWE: Are we to infer from the minister's remarks that in these discussions about overtime pay and taxation he was dealing only with priority industries, such as mining? Does he intend to work out a policy of income taxation for miners only?

Mr. GIBSON: It is not a change in policy; it is working out a change in the methods of deduction. It will not affect the rate of taxation at all.

Mr. ROWE: It is not the intention of the government to work out some system under which miners can work overtime, without giving the same consideration to iron and steel workers, fuel wood producers, pulpwood producers and other workers in similar industries?

Mr. GIBSON: We are exploring it now with the mining industry. If we come to some arrangement, we will try it out and if it works satisfactorily we will see if it can be extended to other industries.

Mr. ROWE: To-day there is a great need for increased fuel wood production, yet men in this industry are discontinuing their daily work in the middle of the afternoon rather than continuing and having their extra earnings taken up by the income tax. I urge upon the minister that he give consideration to this matter, not only from the point of view of the miners but from the point of

view of the fuel wood producers. I believe that this is now a priority industry, similar to the coal mining industry. This system of deduction interferes drastically with other forest production, and during the last two years the effect has been quite serious. I think in connection with industries such as the iron and steel, coal and fuel wood and many others, a rate of taxation could be struck so that when a man has a total daily wage of $8 with overtime he will not have to pay so much on the last $3 that he considers he will be better off to stop work when he has earned $5. I hope the minister will make this applicable to other lines of production.

Item agreed to.

189. District offices, $6,354,296.

Mr. ADAMSON: How much of this was for the Toronto division?

Mr. GIBSON: The salaries in the Toronto district amount to $487,340.

Mr. ADAMSON: What territory does the Toronto district comprise? Does it include Hamilton?

Mr. GIBSON: No. Hamilton is a separate office.

Mr. ADAMSON: Is Oshawa a separate office?

Mr. GIBSON: There is no office in Oshawa.

Mr. ADAMSON: How far east does the Toronto district go?

Mr. GIBSON: The next office is Belleville.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

120. Departmental administration, $152,565.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Chairman, there is some information preliminary to the discussion of these items which I think might be useful to the committee. The department secures revenue from various sources, and in the five years from 1937 to 1942 the revenue increased in round figures from $562,000 to $1,065,000. There is a reduction in the estimates this year, over all, of $281,000 odd, and if we eliminated the cost of living bonus, unemployment insurance and war risk insurance, the reduction would be $438,000. The total amount required for cost of living bonus, unemployment insurance and war risk insurance amounts to $502,000 odd.

Item agreed to.

[Mr. Rowe.]

Mines and geology branch—

121. Branch administration, $29,550.

Mr. MacNICOL: Mr. Chairman, I want to say a word or two in connection with the mines and geology branch, in the hope of encouraging the minister to ask for more money perhaps next session in support of his staff of geologists, chemists and engineers. I recently visited the little plant on Booth street, where I met a number of the engineers and observed the handicaps under which they are working there. I am convinced the time has come when Canada should launch out under the Department of Mines and Resources and determine to develop from our own raw resources the thousand and one different products which we could produce. I am not going to mention any names, but the men I met down there were very bright men, some of them young men, and I just wondered whether our own geologists, engineers and chemists in the minister's department are being properly compensated. There is such a demand in the United States for men with their qualifications that I fear that if our own men are not properly compensated they may be taken away from us, and now is the time that this country requires men of the capacity of our geologists and engineers in the mines and geology branch. There have been marvellous developments of late that we are not profiting from in this country, and I am not sure that they are in the United States to the extent they should, but at all events they are on their way. I hope we will not let them get ahead of us in developing the natural resources of the country.

There are all sorts of developments for the use of the raw products with which this country abounds. Take the minister's own riding in northern Manitoba. There you have one of the finest stands of pulpwood. That would be a great place to develop a thousand and one industries in manufacturing the by-products from the production of pulp which to-day are largely lost. Take plexiglas, for instance, which is being developed in the United States, and many other such materials which we could be developing from our forest products and by-products. The field is unlimited.

I am not going to detain the committee, but I am convinced that if the minister would ask for an appropriation that would enable him to equip his department with a building fitted with the most modern appliances, the department could achieve much more than it is possible for it to do to-day. Down on Booth street they have just a small hydrogenation plant, a very small affair. Why not

install an adequate hydrogenation plant there? It would be well worth while when you consider the endless ramifications of fine products which could be developed from our raw resources. I for one will support the minister and the department in asking for an appropriation to erect any plant that is necessary for the purpose. It would have to be infinitely larger than that small building on Booth street. I will support any appropriation that is necessary to man the department with the ablest geologists, chemists and engineers obtainable. They are all good men down there now. One thing I like about the department is that they have such good men in it, but they are working there from motives of patriotism, because if they went to the United States they could command much larger salaries than they are receiving. They deserve credit for staying on the job and helping this country to develop its own natural resources. I am convinced that the Department of Mines and Resources has a golden opportunity to put this country on the map after the war in a thousand and one ways, and I hope that next session the minister will come forward with a request for a real appropriation to build and equip a modern building and give our engineers and geologists and chemists the opportunity of developing the innumerable products that are being developed by different processes elsewhere. I could enumerate forty different lines of production which could be made from our resources in Canada and which are not now being made.

I should like to see our own Canadian processes developed and ear-marked as being the product of Canadian brains. That is all I am going to say on the whole of these items. I am taking them all together and making this short statement covering them all. I hope that these good solid men in the minister's own department will be encouraged and supported to do something in a big way for Canada. But they will need equipment. They have not got it. Hydrogenation is perhaps the most modern process for the development of a thousand and one different lines. Let Canada take its place in the sun, and use its own resources and its own fine men in doing it.

Mr. CRERAR: I doubt if there is any member of the house who has given more thought to, or has endeavoured to inform himself more fully on, the natural resources of this country than the hon. member for Davenport, and I wish to express my thanks to him for the interest he has taken in the work of the department.

Mr. GRAYDON: He is in a class by himself on that.

Mr. CRERAR: There is no doubt that not many Canadians, having regard to the total number of our population, have a full appreciation of the natural resources and the natural wealth of this country. I may say for the information of my hon. friend that in the war appropriation vote there was an estimate for an addition to the buildings of the mines branch. There will be spent on the building at present under construction about $230,000, and it is the best that all the thought we could bring to bear upon it could produce. In addition to that, about $150,000 will be spent for equipment in this particular work. That will add substantially to the facilities which the mines bureau have for carrying on their work.

But there is another part of my hon. friend's remarks to which I would like to allude. We have difficulty of course during the war in getting the personnel to carry on this work. That will be clear to the committee when I say that since the outbreak of war, from the department as a whole—this is as of last September, when these estimates were first put in draft form—202 employees had enlisted in the armed forces; of these, 32 came from the mines and geology branch. There were then on loan to other departments 34 employees, of whom 11 came from the mines and geology branch. So that since the outbreak of war our personnel in this branch, including men who have enlisted and men who have been loaned, and these are among our best, have been reduced by 43. But that is due only to war conditions.

I certainly agree with my hon. friend that the public expenditure in this department could well be expanded. I have in mind particularly a much vaster programme than we have hitherto carried out in geological surveys and in mapping surveys of our country.

Once again I wish to express my appreciation of the interest which the hon. member for Davenport has taken in this matter.

Item agreed to.

123. Mineral resources investigations, $405,000.

Mr. STIRLING: One of the most desired metals to be discovered in Canada is tin. It has been discovered in a certain form in several parts of Canada. Have any of the discoveries so far shown signs of being of a commercial nature?

Mr. CRERAR: I regret to say that while in a good many places evidences of tin

deposits have shown up, little can be said up to the present to give any encouragement to the idea that they are there in quality and in quantity for commercial exploitation. The search however is being continued. About the only sources of tin which we have at present, I understand, are the Sullivan ores of the Consolidated Mining and Smelting company.

Mr. GRAYDON: Is any investigation being made in Canada at the moment with respect to the finding of bauxite in this country?

Mr. CRERAR: This question really comes under another item, but I shall be glad to answer it on this. The geological parties which are sent out in our northern areas, where particularly mineral bearing ores are found, as my hon. friend knows, are not only reporting on the geology of the areas they survey, but also report any evidence of minerals which may be found. Of course they are on the lookout all the time for any sort of useful mineral, and consequently they are on the lookout for bauxite, but up to the present time no reports of any bauxite indications have been received.

Mr. FULFORD: I would ask the minister whether, in his search for strategic war metals, some of the older sections of Ontario are not being overlooked. I have in mind the county of Leeds, which is at the very front door of Ottawa—

Mr. GRAYDON: The hon. member has it very much in mind just now.

Mr. FULFORD: Now and at all times—where iron ore at one time was quite extensively mined, moved down the Rideau canal by barge to Kingston, and thence transhipped across lake Ontario to lake Erie points to be smelted. I may recall that the first iron smelter in Upper Canada was in the county of Leeds. Lead was also mined from time to time, as was also mica. There are large deposits of graphite in the county. There are also iron pyrites for sulphuric acid, and at one time there was an acid plant just north of Brockville. Also there are deposits of silica sand for the manufacture of glass, and recently, in the township of Bastard in the county of Leeds, several silver claims, I understand, have been staked. My reason for bringing this to the attention of the minister is that I often wonder, when one reads of the many millions of dollars which are being invested in the bringing in of new deposits, involving the building of railway lines, the diversion of rivers and streams, and sometimes even lakes being pumped dry, if it would not be quicker and cheaper during this emergency period to reopen some of these older mines, because it is known that in the past these have proved successful.

Mr. GRAYDON: Have the provincial authorities taken any move in that direction?

Mr. FULFORD: I know that a record has been made of all these various deposits, but I know of no recent attempts at development.

Mr. GRAYDON: Have any representations been made from Leeds to the provincial government on that point?

Mr. FULFORD: Not that I know of.

Mr. CRERAR: Perhaps I may be permitted to take a little part in this discussion between the hon. member for Leeds and the leader of the opposition. In reply to the question of the hon. member for Leeds, any prospects which show any possibilities of development have, I believe, been surveyed; but I would remind the hon. member that the areas of Leeds county and adjoining counties have been fully prospected in years past by prospectors, because of their accessibility, as against the regions farther north, and consequently there is in the department a considerable body of information dealing with the mineral possibilities of these particular counties. There has been a development in fluorspar mining in the adjoining county of Hastings.

Item agreed to.

Mines and geology branch—
126. Geological surveys, $270,000.

Mr. ADAMSON: I have said before that this matter of geological surveys is in my opinion only a scratch on the surface of the job that we shall have to do in surveying this country geologically after the war is over. I realize the excellent work that is being done by the minister's department, and particularly by the head of the department, and I congratulate him upon what has already been done, while I emphasize that the amount of work being carried on will have to be tremendously increased, because Canada so far has done hardly more than a scratch on the surface, as I say, in the search for natural resources, particularly minerals. The sums we are spending in Canada and the number of men who are actually utilized for geological survey work are less than those spent and utilized in the small and old country of the United Kingdom. I wish the minister would answer these questions: How many parties are out at the present time? Have these survey parties got as far as the utilization of the diamond drill? I make that point

particularly because a great deal of the country to be surveyed for minerals is now heavily overburdened with clay and earth. There is a third question and that is with regard to the rehabilitation of the men who are now being discharged from the army. I suggest that immediate steps be taken to utilize men who have been discharged from the army, who are not absolutely fit, for work on survey parties. I realize that you cannot take a man who has been discharged because of stomach trouble and put him on a survey party but take a man who is not fit enough for the army and give him the life of a survey party, and he is very likely to improve in health. I suggest that some research be done into the utilization of men now being discharged from the army. I think they could be put on these survey parties. I know that you could not take them to the north-west territories or the more hazardous places, but life in the open air in survey parties has rehabilitated more people than probably anything else.

Mr. CRERAR: As regards increasing the number of geological parties, I agree with the hon. member for York West. I hinted a moment ago at some of the difficulties.

Mr. ADAMSON: Man-power, I realize, is a great difficulty.

Mr. CRERAR: It is not so much man-power. We could get the ordinary personnel—

Mr. ADAMSON: It is a question of skilled men.

Mr. CRERAR: —but the difficulty is getting trained personnel. There is no gain in sending out a party at considerable expense to remain in the field for weeks or months making surveys unless you have at the head of it, and probably next to the head, men who know their job. Frankly, our difficulty is in getting the trained personnel. Many of them have enlisted, many are engaged in essential war work of a scientific kind, and consequently we cannot expand these parties during the war. This year thirty parties are in the field and the bureau has done remarkably well to get that number out. On the general question of geological surveys, I agree with the observations of my hon. friend. I do not know who will have the responsibility for this in future years, but I do not hesitate to say to the committee now that when the war is over, just as quickly as trained personnel can be organized to do it, this vote should be at least doubled, and the country's interests would probably be well served by trebling it. There are some other things also that can be done to develop our mining possibilities. It is well to keep in mind that public opinion generally throughout the country has to get a new conception of what our mining possibilities are. Still lingering in many parts of Canada is the old idea that all this vast shield, from Labrador around the south end of Hudson bay to Bear lake, is barren rock. We know now that we may find minerals in almost any part of it, and consequently when you come to ask for increased expenditures for surveys to do the things that are necessary, to obtain information, you come up against a public opinion that is still influenced by the old conception that there is nothing there. It is a slow process, but substantial progress has been made in the last decade and I feel certain that it will receive increasing attention, as it should, when the war is over.

Mr. ADAMSON: My suggestion was that the soldiers in the army who are being discharged—great numbers have been discharged —could be trained in this survey work.

Mr. CRERAR: Some work is being done already in that regard. I think my hon. friend has in mind the training of prospectors and assistants who might go out on geological parties.

Mr. ADAMSON: That is the idea. I do not suggest that they should be skilled engineers.

Mr. CRERAR: Last winter a series of schools, if they might be so termed, were held for several days in important centres under the auspices of the mines branch and the prospectors' associations across Canada, attended by prospectors; and in addition to that Queen's university is devoting some attention to the problem. I repeat, it is not difficult to get the ordinary individual to go out as a canoeman or an axe-man in a geological party. The real difficulty is the trained personnel who can effectively do the work.

Mr. RICKARD: Has any survey work been done on the Ganaraska river at Port Hope? A committee has been appointed to make a survey and I was wondering if any report had been made.

Mr. CRERAR: At the moment I have no information but I will ask the director of the mines branch to look into that question.

Item agreed to.

Mr. CRERAR: I wonder if the committee would mind sitting for a few minutes beyond one o'clock. There are a few items still in this

section which I should like to dispose of. The director is busy and I should like to pass them.

Mr. GRAYDON: That is the latest and most unusual reason we have had for speed for some time.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

134. Grant to Yukon council, $60,000.

Mr. GRAYDON: Is it anticipated that because of the developments going on in the Yukon at this time a greater burden of responsibility will be placed upon the Yukon council?

Mr. CRERAR: There has been some increase, though not very much, in the expenditures in the Yukon, but fortunately the revenue obtained by the Yukon territorial council also has increased, so that it has not been necessary to increase this vote. I do not care to make any prediction as to what may be the situation next year, but certainly it is anticipated that this amount will meet the needs for the present year.

Mr. GRAYDON: In other words any increased expenditure at the moment is being met by increased revenue?

Mr. CRERAR: That would be a fair statement to make.

Item agreed to.

135. Dominion forest service—General scientific, economic and administrative services, $112,102.

Mr. GRAYDON: What has developed to necessitate the reduction indicated in this vote this year? Are some services curtailed?

Mr. CRERAR: It is accounted for mainly by enlistments from that particular branch of the department.

Mr. GRAYDON: Loss of personnel?

Mr. CRERAR: Yes, there has been a reduction in personnel.

Item agreed to.

137. Forest products laboratories, $145,717.

Mr. GRAYDON: Where are these laboratories located?

Mr. CRERAR: The chief laboratory is in Ottawa. There is one in Montreal, more particularly associated with the pulp and paper industry, and one in Vancouver.

[Mr. Crerar.]

Mr. GRAYDON: Just the three in Canada?

Mr. CRERAR: Yes.

Item agreed to.

139. Land registry—Land registry, seed grain collections, administration of ordnance, admiralty and public lands, $52,511.

Mr. GRAYDON: To what part of Canada do the land registry provisions apply?

Mr. CRERAR: So far as the provinces are concerned, the dominion still has some lands. There are ordnance lands, and admiralty lands, which have come down through the years, and the administration of those lands is carried on by the Department of Mines and Resources. Briefly, any federal lands that are not being specifically used by other branches of the federal government are turned over to this branch for administration.

Item agreed to.

140. National parks bureau—National parks and historic sites services, $975,000.

Mr. KUHL: Inasmuch as the Jasper national park, one of the largest and most beautiful parks in the world, lies within the boundaries of the constituency which I have the honour to represent, I wish to take this opportunity of saying a few words in regard to parks in general and in particular relation to the post-war period. During the present session, both within and without this house, we have had a considerable amount of discussion as to full employment being one of the major objectives in the post-war period. At this time I do not wish to enter into any debate on that issue; nevertheless I do suggest, as I did on a previous occasion, that I can agree with that objective provided we understand what we mean by full employment. If it means that we are going to use machines and our resources of power to the fullest extent possible, and man-power as little as possible, then I can agree; but if it means that we are to put the machines aside and allow them to rust by the roadside, as we did prior to the outbreak of war, and compel men to use picks and shovels and wheelbarrows to do the work we wish to have done, then of course I am entirely opposed to that understanding of full employment. I think Canadians need to learn not so much how to work as how to play. In the past I think far too much emphasis has been placed on the matter of work. Of course that raises a contentious subject, on which there could be much debate, and I am not going to impose my views on the committee now.

Mr. GRAYDON: But it is a good thing to have a job.

Mr. KUHL: What the hon. gentleman means is that it is a good thing to have an income, not necessarily a job. In the past we have suffered not so much from unemployment as "unempayment". We are all constantly endeavouring to get out of a job, and that includes my hon. friend and his associates. It has been the endeavour of man, ever since he has been upon this earth, to get out of all the nature-forced labour he possibly could in order that he might indulge in voluntary activities such as golf, if you like, or mountain climbing or swimming or a thousand and one other things which people do in their leisure time and in which they may expend more energy than in their working hours. I think we as members of parliament ought to be leading our people toward a new attitude in regard to life. The greatest philosopher who ever trod upon this earth said, "I have come that ye might have life and have it more abundantly." He did not say, "I have come that you might have jobs and work."

Mr. REID: But he worked as a carpenter.

Mr. KUHL: Quite true. That was necessary and dignified work; and I, believing in a new economic philosophy, agree that we must all be prepared to do our share of the necessary work that is involved in raising the standard of living to the point to which we wish it raised. In the past, however, people have not refused to do the necessary work, but governments and economists have allowed conditions to arise and to continue under which they have imposed their will upon the people and compelled them to do work which was not necessary or forced by nature. In this day and age, when we have the tremendous advantage of being citizens of the twentieth century, when we are the fortunate recipients of a great fund of knowledge, of science and invention, nature-forced labour could be reduced to the very minimum. I dare say that if in the post-war world we took advantage of all the machines and power production methods available, divided up the necessary hours of work in an equitable fashion, and divided up the hours of spare time, we could possibly get along with a six-hour or a five-hour day, or even a four-hour day. I believe that is a desirable objective. Fundamentally that is the desire of each of us in the House of Commons, as well as those outside. We are endeavouring to free ourselves of nature-forced labour in order that we may have more spare time to indulge in voluntary activities.

That brings me to the point I have in mind in connection with our national parks. In my view our national parks should be one of the means by which the people of Canada can use their leisure time with a maximum of benefit. I think we, as Canadians, shall have to put a good deal more emphasis on the cultural aspect of our lives than we have in the past. I certainly believe we have been putting far too much emphasis on the business and commercial aspects of our lives. True, there must always be a certain amount of business; but it seems to me that we make the objective of our lives one of pure business and commercialism, and in doing so we fail to emphasize the cultural side. There is far too much talk about pure business matters in this parliament. I should like to hear much more discussion of our philosophical attitude toward life, and what we are getting out of it as a nation. I certainly believe that by reason of the way things have been conducted in the past we have encouraged our people to become a lot of muckraking money-grubbers, and that we ought to get away from that idea.

In the post-war period I should like to see a set of economic circumstances in which people collectively will not be obliged to spend their hours behind office desks, or at lathes, or in machine shops, any more than is absolutely essential in order to produce the standard of living we desire. What I believe the people of Canada need, and ought to have, is more time to play. I see no reason at all why, in the post-war period, every individual, regardless of his position in life, should not have at least two months holidays a year with pay.

An hon. MEMBER: Who will look after that?

Mr. KUHL: Machinery.

Mrs. CASSELMAN: And who will make the machinery?

Mr. KUHL: The machines will make the machinery. That is one aspect of our economy which most people who consider our economic problems entirely overlook. They seem to believe that we are still in the eighteenth century, and using a pick, shovel and wheelbarrow. The fact is that we are living in a modern, high-speed, mass-production era, in which production, so far as the limit is concerned, is greatly increased. I am not trying to suggest that we should have an era in which there is no work at all. Naturally there is always going to be a certain amount of nature-forced labour to do, and we should be prepared to do our share of it. If economic circumstances were such that we would not need to do any more than is absolutely essential, the working day could certainly be reduced far below what it is to-day, and the income increased proportionately.

An American naturalist named John Muir said a few years ago something which I believe is apropos of the matter we are now considering. This is what he said:

> The tendency nowadays to wander in wildernesses is delightful to see. Thousands of tired, nerve-shaken, over-civilized people are beginning to find out that going to the mountains is going home; that wildness is a necessity and that mountain paths and reservations are useful not only as foundations of timber and irrigating rivers, but as fountains of life.

I think that is a valuable quotation. And, respecting our national parks, someone else has said this:

> If the British industrialist, for instance, was to search the whole world where else could be found such delightful diversified holiday and health-building possibilities as exist in the national parks of western Canada? No matter what the park visitor's interest may be, he may enjoy himself to the utmost in some of this vast national park area of over twelve thousand square miles. He may canoe in the northern prairie parks following the canoe routes of the old-time traders, or he may camp, fish, swim and just loaf to his heart's content. In the mountain parks he may find more vigorous exercise in mountain climbing, exploring and hiking, or if his interest is in natural history in any of its branches, he may find wild animals and birds in abundance in many varieties.

These are the things to which we should be paying more attention in our national life; and were we to do so, we would be better for it. I resent the attitude of looking at our national parks as a basis for tourist trade. To my mind it smacks very much of commercialism. Our national parks and sites of natural beauty should be places where we could entertain our friends from abroad. We ought not to assess our parks in terms of dollars and cents to be drained from them, or as money we can get from our friends who come to visit us. If they wish to entertain us, by way of exchange for the manner in which we entertain them, well and good. Let us go to visit them, and let them entertain us by way of repayment for what we have done. But in my view we must get away from this idea of commercializing that which should be part of our cultural life.

If I wished to elaborate on this subject there are many other statements I could make, but as hon. members are anxious to conclude the session I shall limit what I have to say. Certainly this is one aspect of our national life which we are overlooking too much. I trust when we reach the post-war period the Minister of Mines and Resources, and his colleagues, are not going to come along and say—if they happen still to be in their present position—that they cannot spend more money to hard-surface the roads of Jasper park or to extend tourist accommodation, because they have not the money. That was the answer we got in pre-war days: "We have not the money." I believe the thought is thoroughly implanted in people's minds that if we can find five thousand million dollars a year for destructive purposes, certainly the same amount of money can be made available for constructive purposes and for enhancing the cultural life of our nation.

I trust that once we reach the post-war period we are not going to be confronted with the statement that no money is available to do these things. The only limitation imposed in war time is that of men and materials. In peace time those same men and materials will be available, no doubt in far greater quantities than they were during war time. As long as we have the physical essentials to put our parks in such condition that they will be most inviting to our friends from abroad, only physical limitations should be imposed and none other. I trust that the Minister of Mines and Resources will keep this in mind when he is considering the appropriations that are necessary for the development of our national parks.

Item agreed to.

142. Grant to John Thomas (Jack) Miner, $2,500.

Mr. MacNICOL: As a long time friend and admirer of Jack Miner I want to thank the government for conferring upon him the well-earned title of "O.B.E." I know of no one that I was more pleased to hear had received this honour. The minister has been a consistent supporter of Jack Miner and his work and has provided an item every year as a recognition of the great contribution he has made throughout the years. He is Canada's greatest naturalist and has given freely of his own money, his energies and his time to make Canada famous as a great sanctuary for wild life.

Mr. CRERAR: I cordially support what the hon. member for Davenport has said about the achievements and work of Mr. Jack Miner. No honour bestowed in Canada was more worthily bestowed than the one given to Mr. Miner. He has made a great contribution to the understanding and value of the wild life of our country.

Mr. GRAYDON: I do not suppose there is anyone in the house who has taken a greater interest in the work of Jack Miner than the hon. member for Davenport. I should like to identify myself with his commendation of the excellent work Jack Miner is doing

and has done. Has the government given any consideration to increasing this vote?

Mr. CRERAR: That was under consideration when these estimates were prepared. Speaking for myself, and I think for my colleagues, I may say that we should have liked to increase this vote, but when you come to weigh estimates in the light of the tremendous expenditures that are being made, sometimes the decision must be made that perhaps this is not the proper time to make an increase. I should hope that next year or in later years it may be increased.

Mr. MacNICOL: Perhaps next year.

Mr. GRAYDON: I had it in mind that something might have been lopped off some less necessary civil expenditure.

Item agreed to.

144. Dominion observatory, Ottawa, $97,910.

Mr. GRAYDON: Has the work in connection with this observatory been increased to any material extent because of the war?

Mr. CRERAR: No. Generally speaking, the war has affected the dominion observatory perhaps as little as any other department of government.

Item agreed to.

147. Lake of the Woods control board, $8,150.

Mr. GRAYDON: Could we have some idea of the work of the board and its personnel?

Mr. CRERAR: The dominion members are K. M. Cameron, chief engineer, Department of Public Works; I. R. Strome, dominion water and power board. The Ontario members are Doctor Thomas H. Hogg, chairman, hydro electric power commission; C. H. Fullerton, surveyor general, department of lands and forests. The Manitoba associate member is C. H. Attwood, director of water resources in the department of mines and natural resources. The work of the board is mainly to see that the treaty between Canada and the United States regulating the levels of the lake of the Woods is carried out.

Mr. GRAYDON: This amount would not cover salaries; it would be for expenses?

Mr. CRERAR: It does not cover salaries for the members of the board. I understand there is a small clerical staff.

Item agreed to.

153. International boundary commission, $35,300.

Mr. GRAYDON: Who are the members of this commission?

Mr. CRERAR: Under the convention with the United States, the international boundary commission consists of two members. The Canadian representative is N. J. Ogilvie.

Item agreed to.

Indian affairs branch—

157. Branch administration, $59,735.

Mr. NICHOLSON: I imagine that other hon. members of the house have received representations in connection with the position of the Indians under the national war services regulations, 1940. I have in my hand a copy of a petition which was sent to the Minister of Justice and other hon. members, reading as follows:

> Every Indian of various reservations of Canada and each member of its council are protesting against the compulsory military service act, and the income tax affecting the Indians.
>
> We are all in favour of helping crush Hitler and those assisting him but we do not want to be forced.
>
> As wards of the dominion government and under the protection of His Majesty, we are tabling this petition in the House of Commons at Ottawa, on this .... day of July, the year 1943, and pray that every member of the house respect our treaties, as they were respected in the case of the enfranchisement act, in the month of March, the year 1933.
>
> Our solemn treaties were again respected in the last great war of 1914-18 when an order in council was passed exempting all the Indians in Canada from military service. We ask that the above rights and treaties be respected.

I have here a copy of "The Treaties of Canada with the Indians of Manitoba, the North-west Territories and Keewatin", and at page 69 where the Indian chief was discussing the matter with the governor, I read this:

> Chief: I hope you will not drop the question; we have understood you to say that you came here as a friend, and represented your charitableness, and we depend upon your kindness. You must remember that our hearts and our brains are like paper; we never forget. There is one thing that we want to know. If you should get into trouble with the nations, I do not wish to walk out and expose my young men to aid you in any of your wars.
>
> Governor: The English never call the Indians out of their country to fight their battles. You are living here and the queen expects you to live at peace with the white men and your red brothers, and with other nations.

Would the minister be good enough to tell the committee what the position of the present government is in regard to these very old treaties which are regarded by the Indians, who were the first settlers, as sacred and binding.

Mr. CRERAR: In reply to the first question I would say that the Department of Justice has given a decision to the effect that as the Indians are British subjects they are liable to military service. That decision was sustained in a recent court action in the province of Quebec. I am not so familiar with the terms of the early treaties that were signed in the years past with the various bands of Indians but I do know that what I have stated is the legal position with regard to their liability to military service.

In regard to income tax, the Indians are not subject to income tax upon income they derive from their reserve, but if an Indian, for instance, passes through university and becomes a medical doctor or an engineer and practises his profession in an ordinary community outside the reserve, he is liable to income tax.

Mr. WOOD: I think one matter to which the department should give consideration is the administration of the Soldier Settlement Act on the Indian reserves. As hon. members are aware, the Six Nations Indian reserve is the largest Indian reserve, in population, in the Dominion of Canada. It is in a purely agricultural country, one of the finest townships in the county of Brant. After the last war many of the Indians who had seen service took up soldier settlement lands on the reserve. The same disaster overtook them that overtook many other soldier settlers, and the result is that to-day the crown holds a mortgage or is the creditor on a number of those farms to an amount far in excess of their value. We were discussing the Farmers' Creditors Arrangement Act the other day, and here is one place where I think that act might have served a definite and useful purpose in securing the adjustment of those debts, but for some reason or other, whether it was because we did not interpret the act aright, or misinterpreted the Indian Act, the Farmers' Creditors Arrangement Act did not apply to those lands. Many of these farms are to-day abandoned, because it would be impossible for a young man to take over one of these farms at the high prices that were paid for them in the boom years and with the large claim which the crown has against the property, the chattels and real estate. There may be a few who mastered their obligations, but not very many.

Soon Indian veterans will be returning from this war and something should be done to prevent what otherwise might be a terrible disillusionment for the veteran. As it is they will be reluctant to go into any soldier settlement scheme because of the results of the administration of the Soldier Settlement Act on the Indian reserves. I am aware that the administration of Indian soldier settlement comes under a different department from ordinary soldier settlement, but I do feel that every effort should be made to get this thing cleared up as soon as possible. I happen to be familiar with many of these locations and I know that many of them are excellent farms, but the crown holds a mortgage on them far in excess of the value of the property. We shall probably have to rehabilitate our men when they return from the war, and let us not leave a bad taste in their mouths by failing to clear up the present situation. I would ask the minister to give this suggestion serious consideration and see if something cannot be done in the near future to get this matter cleared up.

Mr. CRERAR: It will certainly receive attention. I am grateful to the hon. member for Brant for bringing this matter up. I am not familiar with the details of loans to Indian veterans who settled on the Six Nations reserve, or anywhere else for that matter. I would say, however, that the Indian veterans, whether those on the Six Nations reserve or any other reserve, should receive the same treatment in regard to land settlement as other veterans. I take it that my hon. friend wants me to give him the assurance that the matter will be looked into. I shall be glad to do that at an early day, and perhaps I shall then be in a position to give my hon. friend further information.

Mr. COTE: I have received some representations from members of the Caughnawaga tribe, which is opposite part of my riding on the other side of the St. Lawrence river, to the effect that the Indians did not receive any preferred treatment in the appointment of the officers who are charged with the application of the Indian Act. They say that in the United States an amendment was made to their Indian Act, possibly about ten years ago, giving precedence to Indian candidates whenever an appointment was to be made by the department administering the Indian Act. I should like to know whether any representations have been made in this respect to the minister, and whether it is considered that this would be applicable in Canada, and to what extent. In the second place, it has happened in several cases that grievances have been expressed by some of my constituents concerning the legal status conferred by the act in behalf of the Indians, members of tribes and resident on the regular reservations. A recent grievance arose from a serious accident which took place on a bridge between the

reserve and my constituency. My constituent was hit by an automobile driven by an Indian, and apparently, even if he has recourse to the civil courts, a judgment would not help him at all. Had the Indian been hit he would have received free medical treatment and hospitalization, but my constituent will have to meet all his expenses himself, in spite of the legal recourse he has against the author of the accident. I wish the minister would say a few words in this connection, because similar cases frequently occur in my riding, and I should like to have the position settled once and for all.

Mr. CRERAR: As regards the first part of my hon. friend's question, wherever we can find Indians qualified to do work on the reserves they are given the preference. It may be that on occasion you will find Indians who disagree with the manner in which the preference is administered, but after all the officers of the department have to be in the end, I think, the judges as to the qualifications of any Indian for any particular position. At the present time there is a vacancy being filled in the Caughnawaga reserve, and we have asked the civil service commission to restrict the appointment to someone of the Indian race. The position, I believe, is that of caretaker for one of the buildings. This is the policy of the department, and it is a wise one. The great need which exists for Indians everywhere across Canada is to increase their sense of self-respect and self-reliance, and this is one way in which useful influences can be directed to that end.

As regards the other question, about the accident on the bridge, I do not know any of the particulars. My officers tell me that a legal point is involved, and perhaps when that is cleared up further, one of the officers can write to my hon. friend and give him what information we have concerning it.

Item agreed to.

160. Medical—Indian hospitals and general care of Indians, $1,493,980.

Mr. MacINNIS: Before this item is carried I wish to say a few words with regard to the hospital care of Indians. As the minister is no doubt aware, there has been considerable correspondence between the Indian Affairs branch at Ottawa and the hospitals association of British Columbia in regard to payment for the hospital care of Indians in that province. I believe a delegation from the association visited Ottawa some time during the winter and the subject was talked over. The matter was further discussed earlier, I understand, in British Columbia at the annual convention of the hospitals association in November, 1942, and the delegates attending the convention were unanimously of opinion that the Indian Affairs branch had failed to reimburse the hospitals for the work done on a basis which would pay the hospitals for the monetary outlay in caring for Indians. Put briefly, the hospitals association of British Columbia and the authorities of individual hospitals contend that there must be payment of at least $3 a day if a hospital is to be reimbursed for the money expended. The Indian Affairs branch, I understand, will not agree to that, and has been paying in some instances $2.50 and in other instances $2.75, and that difference in itself has become an additional subject of contention.

The position as outlined by the hospitals association on January 13, 1943, is as follows. I quote:

1. Up to the present, each and every hospital which has been called upon to treat Indians has incurred a loss for each patient treated. This condition has been aggravated further lately by an appreciable increase in the cost of pharmaceutical supplies, foodstuffs, general supplies, labour and the enforcement of labour laws, which require staff shifts of not longer than eight hours daily.

2. Hospitals throughout British Columbia refuse emphatically to discriminate on account of racial origin or religious differences, and insist that all patients should receive equal treatment, regardless of creed or race. They further point out that, contrary to the department's contention, the experience has been that often it costs more to care for Indians than ordinary patients, there being a greater need for isolation, pursuant to contagious and social diseases.

3. The average basic cost for general ward patients is $3 per diem and that sum is the very minimum for which the institutions throughout British Columbia could attempt to give adequate care. This does not include extras, such as X-rays and so forth.

4. The position taken by the department that the hospitalization of Indians is cheap does not hold. Experience is all to the contrary, and the hospitals wish to emphasize that it is their duty to protect and improve the health of the Indian, to a degree equal to that afforded other patients. A rate less than that hereinbefore stated simply means that the community at large is made responsible for a cost which is without a doubt an obligation of the department of Indian affairs, whose direct wards the Indians are.

5. Hospital costs throughout the province have been examined closely by various organizations and the provincial government and all local contracts, including the workmen's compensation board, are at rates of not less than $3 per diem plus extras.

I invite the attention of the committee and of the minister to the next paragraph:

6. Unless a revision is made all provincial hospitals will be compelled in the future to refuse the admission of Indian patients to their institutions. This may appear a harsh measure,

but as no redress has been forthcoming by the department they are left with no other alternative. Incidentally, every other department of the government of the dominion has recognized the factors hereinbefore enumerated and is paying fees akin to the basic rate outlined, and it is difficult to understand why recognition should be given on the one hand, even when it involves the care of enemy aliens such as the Japanese, and refused to Indians.

A statement, I understand, was forwarded to the minister by the secretary of the British Columbia Hospitals association, E. W. Neel. I am informed, although I cannot vouch for the accuracy of the assertion, that St. Joseph's hospital in Victoria has refused to admit Indian patients. I am informed of that but I do not know whether it is correct.

I have in my hand a statement from Creston, British Columbia, relative to the rates charged by the hospital at Creston for the care of Indian hospital patients, and the share of that bill that has been paid by the Indian department. There are a number of cases here with names given. I will quote a few of them:

January, 1940: Mrs. Susan George, charge for ten days, $25, case-room $5, total $30. The department would not pay case-room but paid $25, leaving the hospital to assume the loss of $5.

January, 1940: Mrs. Alexander Eli. Hospital charges, 3 days, $7.50, case-room $5, total $12.50. The department paid $7.50, leaving the hospital to assume a loss of $5.

December, 1940: Mrs. George, 13 days, $32.50, case and dressings, $7.50, total $40. The department paid $32.50, leaving the hospital to carry a loss of $7.50.

June, 1941: Mrs. B. Frank, 7 days, $21; other care $7.50, total $28.50. The department paid $17.50, leaving a loss to the hospital of $11.

July, 1941: Mrs. Gregory, 5 days, $15, medicine 50 cents, total $15.50. The department paid $12.50, leaving the hospital with a loss of $3.

A number of other cases are given. In May, 1942, the hospital cared for an Indian baby where there had to be an operation. The amount was $12.50. The department apparently refused to pay at all and consequently the cost had to be assumed by the local hospital at Creston.

I have discussed this matter with the department, and the department has assumed, in my opinion, an attitude that is not very enlightening. In a letter from the department to one of the hospitals in British Columbia the position was taken that if the hospitals insisted on the Indian department paying $3 a day, the department would have to reduce the cost by not sending cases to the hospital which formerly went there, or by moving cases from the hospital sooner than had been done previously.

I put these matters briefly before the committee because I think that this is a situation that should be dealt with. One of the stock answers made to the hospital administrators is that, for the purpose of paying these hospital charges, the Indian department has only such moneys as are granted to it by parliament. I submit that this is the time for the minister to ask parliament to grant sufficient money to decently care for the Indians who are given hospital treatment.

I now have under my hand the material for which I was looking. It is contained in a letter to myself from the secretary of the British Columbia Hospitals association, Mr. E. W. Neel, who says:

> The department also states that Indians who are in a financial position to meet all or part of the cost of their hospitalization should be required to do so.

I have no objection to that.

> This may apply to Indians who live outside the reservations and are no longer the direct wards of the federal government but for the hospitalization of reservation Indians who are the direct wards of the government and who form by far the major portion of Indian patients, the hospitals have no option but to look to the department for payment. In view, however, of the department's statement it would be interesting to know on how many occasions in British Columbia the department has recovered from reservation Indians the cost of their hospitalization or through the local Indian agent has notified a hospital that owing to an Indian's financial position, the hospital should look not to the department but to the patient for the payment of the hospital account.
>
> Only two conclusions can be drawn from the attitude of the department. Either it does not want the same quality of hospitalization given to Indians that is given to other patients whether white or oriental, and this would seem to be indicated from the tone of a letter written by Mr. T. R. McInnis, secretary of the Indian branch at Ottawa on September 8 to the Nicola Valley hospital. In this letter Mr. McInnis stated that "if this branch is forced to pay these higher rates it will certainly not result in increased revenue for the institution concerned as we will have no alternative than to reduce the number of patients hospitalized. It means having to make your patients fit our funds, and we will either keep them out or hurry them out."

I think that is a terrible statement to be made by a civilized government in regard to the hospital care of its wards. This committee should insist that the Indian branch pay the hospitals in various parts of the country for the care of these wards of the government at the rates which are paid by organizations such as sick benefit associations, workmen's compensation boards and so on. Let it be noted that any additional charge which is not

paid by the government must be assumed by the citizens of the municipality concerned, and I believe this government has more facilities at its disposal for raising the necessary revenue than are available to the municipalities with which I am acquainted in the province of British Columbia. I have in my hand a copy of the Glace Bay *Gazette* of May 13, 1943, which carries a news item under the date line of Ottawa, May 12. The headline, in fairly bold type, is, "Better Health Plan for Indian Race is Forecast." It is dated Ottawa; I imagine it must apply to Canada, though from the information I have placed on record so far one would not gather that fact. The article states:

Lo, the poor Indian, who has dreamed away the years, will be transformed into a vigorous builder of a new and greater Canada if official hopes are realized.

Well, I do not know just what official hopes they would like realized, but I trust it is the official hopes of the Indian Affairs branch.

Indian affairs medical officers to-day told the story of a vast experiment in human welfare.

It must have been an experiment which they did not try.

If it succeeds—and the preliminary results make scientists' eyes sparkle—120,000 Canadian Indians will have better health. In addition—and just as important—their outlook on life probably will be changed for the better.

Before we can get a changed outlook on life on the part of the Indians I believe we will have to get a changed outlook on life on the part of the Indian Affairs branch.

From one report, based on extensive studies and written in the light of most modern scientific knowledge, come the following:

What I have read was just newspaper talk, I guess; this quotation is from the hopeful officials in Ottawa:

"It is not unlikely that many characteristics, such as shiftlessness, indolence, improvidence and inertia—

Inertia is not confined only to the Indians.

—so commonly regarded as hereditary traits in the Indian race, may, at the root, be really the manifestation of malnutrition."

Well, whatever the cause, I hope this newspaper article is correct and that it foreshadows a different policy on the part of the department than has been the case in the past. I do not wish to hold up the committee with any further remarks, but I am satisfied that there is a case here which the government cannot refuse to recognize without placing the municipalities in the position that they will have to give inferior treatment to the Indians, or refuse them treatment altogether, or will have to assume a burden that properly belongs to the Indian Affairs branch.

Mrs. NIELSEN: I listened for a few moments this afternoon to the remarks of the hon. member for Brant. In private conversation with the hon. member he told about the Indian reservation that is in his constituency, and I believe that perhaps the Indians living there enjoy some degree of security. Unfortunately the Indians with whom I have come in contact are not in that happy position. I can only say that I consider the condition of the Indians of northern Saskatchewan to be one of the most appalling things of which I have knowledge. Up in those northern areas these people are living under the most degrading conditions. They have been degraded by the vices of the white men without having the white men's advantages. They have been treated as children and in many cases have become as children because of the treatment that has been meted out to them. Of course these people do not vote. Many hon. members do not have Indians in their ridings, but even if they have it is not considered a matter of great importance to them, simply because the Indians have no voting power. Believe me, however, from any humanitarian point of view I believe the time has come when something more should be said about our Indian people. After all, to-day there are numbers of Indian boys fighting in the armed forces of this country. I saw in the newspaper only the other day that a full-blooded Iroquois Indian had been made a general, I think, in the army of this nation. That, I am sure, will give great satisfaction to Indian people all across the country. And it points out the significant fact that where Indian people are given the advantages received by white people, or those of other races, they are capable of developing in the same way.

I know that to-day many people are very much concerned not only with the immediate winning of the war but with the implementing of the Atlantic charter in years to come. We hear references to what is going to happen to Europe, and what sort of freedom they are to have there. Perhaps Canadians, even before they begin thinking about Europe or any other part of the world, should begin to realize that it is necessary for them to do a little housecleaning so far as the Indian question in Canada is concerned. We are hoping at some time in the future to have the implementation of the Marsh report—at least, we are hoping to have some kind of new order in Canada, under which there shall be at least a basis for security for the people of our country. I submit that there is no time like the present for

taking into consideration the need for thoroughly reviewing the whole status and position of the Indians. It is many years now since the original treaties were made with the Indians in Canada. In those years we have changed considerably in our ways of thinking. Our whole manner of life has altered, and I cannot but help think the time is ripe, as I said before, for a thorough revision. Perhaps a conference between government officials and the chiefs of Indian groups in Canada should form the basis for a revision of the existing treaties. We shall neglect our duty as Canadians if in these coming years we fail to give the Indian people in Canada the full advantage of Canadian citizenship, particularly with regard to education and health.

I fail to see why Indian children should not be given exactly the same educational facilities as any other children, and that such facilities should be provided by the government. I fail to see why, in the event of a health scheme being instituted for Canada, it should not be wide enough, sufficiently all-embracing, to include everybody. There should be no bar whatever so far as Indians are concerned.

In one corner of my constituency a new scheme has been recently established. This is not for the setting up of an Indian reserve—we already have one or two of them—but rather a reservation for the Metis people. I am wholeheartedly against the idea. I fail to see why these people should not be treated the same way as any other Canadians. Why should they be segregated? Why place them in the same position as Indians, and thereby degrade them to the same degree? We say the official policy of the government is to increase the self-respect of these people and their ability to provide for themselves. I fail to see how the segregation of the Indians or the Metis people will increase their ability to do this. They should be treated as ordinary Canadian citizens, and be given full responsibility and full advantages. If this were done, we should see a great many of them respond in an admirable manner. I would go so far as to say that as many of those Indian children would respond to decent treatment as would any other group of people in Canada. I see no difference in them whatever, except that for many years they have been relegated to an inferior position, and it has worked a most disastrous wrong upon them.

I have had correspondence recently with the minister regarding some Indians who live on the Kootenay agency in British Columbia. I have no idea why they should have written to me, but I have received communications from them to the effect that they are very unhappy about the way in which the timber on their reservations is being handled. In his reply the minister states that this particular band of Indians have refused to give their approval to the sale of their timber for over twenty years. But they do not say that. They have gone so far as to send a petition to the Prime Minister, a copy of which I have here. It says:

> We the undersigned people of the Kootenay Agency petition you as our sovereign representative and representative of the laws pertaining to our well being granted our people by the late Queen Victoria.
>
> We have demanded an investigation into the underhand methods used by our agent in the disposal of our timber and by unbiased dominion authorities. An investigation has not been forthcoming. We make this appeal directly to you upon the basis of the evidence at a recent inquiry held at St. Mary's Indian reserve on June 2 and 3 by an inspector sent here from Vancouver.
>
> We proclaim our loyalty and our devotion to the furthering of the war effort of our country, and in so doing appeal for public denunciation of the war effort being used as an excuse to rob our people.
>
> We demand through you the removal of our agent who has no sympathy with nor interest in the life of our people.

This is signed by Chief Eustace, Chief Michael, Chief Luke Sam, and several other Indians, some of whom, not being able to sign their names, have made their mark. They also sent a letter to the Department of Indian Affairs, as follows:

> We, the undersigned Indian people, under the jurisdiction of the Kootenay Indian Agency, petition our Indian Department demanding immediate cessation of timber cutting now in progress on St. Mary's Reserve, pending an immediate investigation of the method used by our agent in disposing of the timber on the St. Mary Reserve.
>
> We declare that the methods used in disposing of the timber were underhanded and our people were subjected to duress in its disposal.
>
> A copy of this petition is being sent to the other groups.

The same signatures appear on this letter. On this particular reservation there are vast quantities of timber, which the minister states are over-ready for cutting. I see no reason why the Indians would object to cutting the timber. They are aware of the fact that timber is needed in the war effort. They say they are willing that it should be cut, but they have no use for the agent who, as they say, has no sympathy with or interest in the life of their people. Many agents may carry out the letter of the law and the regulations of the department, but they fail completely to have sympathy with and interest in the life of the Indian people. Such a man is not the right type of man to be in charge of an Indian agency.

I have a store bill received from an Indian woman, with two children, and on this bill I find that she has purchased a little tea, a few dried apples, some rolled oats, 22 cents worth of cheese and a little bit of puffed wheat at a total cost of $5. Yes, $5 for herself and her two children, to live for a month. I lived once on $12 a month, and, believe me, I have not forgotten what that is like. I fail to see how we as a nation can be self-respecting people so long as we condemn any who live within the boundaries of the country to a life as degrading as this.

In his reply to me regarding these Indians in the Kootenay reservation, the minister said:

> We have a right to doubt the statement that the surrender was obtained under duress. As a matter of fact we did not and do not require a surrender or the consent of the Indians to the sale.

He points out that there is an order in council governing this. I still maintain that even if there is an order in council, it is the wrong way to go about the matter. If these people were placed under an Indian agent who was sympathetic with the Indians, and who was willing to be a little more aware of their interests, he could handle the timber situation in such a way that the Indians would be satisfied to sell their timber in the manner required. I am going to ask the minister to make a further inquiry into this particular case, and send the details to me, because I do not think that three chiefs of an Indian tribe, and a great number of their followers, would sign their names to a petition like this if they had a feeling of security and faith in their Indian agent. Whatever the cause is, I do not know, but on behalf of these people I ask the minister to make an investigation and to give me further information in the matter.

Mr. CRERAR: The hon. member for North Battleford has not made a very practical approach to the problem she has been discussing. The difficulties encountered when dealing with Indians are largely psychological due to the fact that in a few generations the centuries-old mode of life of the Indian has been completely transformed. In the case of the reserve at Cranbrook to which my hon. friend alluded, I regret that she did not read all of my letter when she read the petition from the Indians.

Mrs. NIELSEN: I am willing to do so. It was a lengthy letter and I did not want to take the time.

Mr. CRERAR: The letter fully sets out the particulars. The cause of the difficulty at Cranbrook was interference by one or two busybodies who stirred up the Indians to action that was against their own interests. This reserve has a considerable amount of timber. This was examined by competent forestry officials who advised that a certain amount of the timber should be cut in order to realize the most out of it. Anyone who is familiar with timber operations knows that you can leave timber too long; you can leave it so long that it loses all its qualities as lumber. Undoubtedly and unquestionably that is what was taking place on this reserve. We endeavoured to get the Indians to agree to a disposal of part of this timber to an operating company on what the officers of the department considered was a fair basis. Very strict provisions were included in the agreement with the operating company to cover the manner in which the timber should be cut. One provision that I recall was that they could not cut any tree that was less than ten inches in diameter, breast high on the average man. The whole purpose of this was to apply modern and scientific principles to the cutting of timber on this particular reserve. I think I am correct in saying that if these principles are applied there will be for all the years that lie ahead a continuous source of revenue for the Indians from the timber.

Tenders were advertised for, and as I recall the successful tenderer was willing to pay a royalty, or dues, of $3.50 per thousand feet board measure. This would create a fund for the Indians in the reserve. It is true that the Indians did not want to have this action taken, as they had a feeling that their timber was being taken from them. I repeat; they were stirred up to adopt this attitude. It is not difficult on occasion to stir up Indians on matters of this kind. They felt their timber was being taken from them.

Mrs. NIELSEN: The minister has said that someone was stirring up these people. Personally I have no knowledege of the case, but I have the idea that whoever it was, he was trying to help the Indians because he felt that the Indian agent was not dealing in a proper manner. It was not stirring up the Indians at all.

Mr. CRERAR: I am coming to that point in a moment. At any rate the Indians resisted, and as a result the timber was deteriorating and losing its value for the Indians on the reserve. It was not desirable in the interests of the Indians, and particularly with the present need there is for lumber, that this condition of affairs should be allowed to continue. It is true the Indians have sent in a petition to the Prime Minister, with a copy

to myself and evidently a copy to the hon. member for North Battleford. It is not very difficult to get Indians to sign a petition on almost anything you want to bring up. As a matter of fact they like signing petitions It is a notorious fact that Indians, generally speaking, have a sort of love for litigation. They think there is something meritorious in being involved in matters of this kind. All this has to be taken into account. My hon. friend has accepted the word of the Indians or of her correspondent as to the action of the agent on this reserve.

Mrs. NIELSEN: Excuse me; I merely asked for an investigation.

Mr. CRERAR: If my hon. friend did not accept it, then she should have looked into it more closely before bringing it up on the floor of the house.

Mrs. NIELSEN: How could anyone accept anything until a proper investigation was made? When I have a petition sent to me the least I can do is to ask for an investigation.

Mr. CRERAR: I think my hon. friend should have examined into the merit behind the petition before she brought it up on the floor of the house and criticized the officers of the department. This matter was fully reviewed and it was on the recommendation of the Indian commissioner for British Columbia that this action was finally taken. I think I should say that in the whole Indian administration there is not a more devoted and more intelligent official than the commissioner for Indian Affairs in British Columbia. I do not say that there may not be times when he will make a mistake, but I know that his whole purpose and effort is to serve the best interests of the Indians.

My hon. friend suggests that the matter should be further reviewed. I do not see that anything would be gained by a further review of the case. I am convinced that we have now before us and have had for some time all the essential facts in this case. I have no doubt that in a few months this agitation among the Indians will pass away. They will receive their royalty on the timber. There is also a strict provision that the operating company shall give first employment to the Indians if they are willing to take it. That would be another source of revenue to them, and many of the Indians are particularly good at lumbering operations and the like. As I say, they will have available to them the increment that comes from the disposal of the property in the way I have mentioned.

Mr. DOUGLAS (Weyburn): What has been realized from the sale of this timber?

Mr. CRERAR: Cutting has just started, or it may not have started yet.

Mr. NEILL: Did the minister mention the name of the reserve of which he has been speaking?

Mr. CRERAR: It is in the Kootenay agency, near Cranbrook.

Mr. NEILL: In British Columbia?

Mr. CRERAR: Yes.

Mr. NEILL: I want to support the admirable presentation made by the member for Vancouver East in connection with the hospitals in British Columbia. I am familiar with the brief from which he largely quoted, and so far as I know it is substantially correct. The minister said of a previous speaker that she should have investigated the matter before bringing it into the house, but I think the member for Vancouver East and I myself have investigated this matter thoroughly, and the member for Vancouver East was thoroughly justified in making the suggestions which he does, in which I concur. Very often when the interests of the dominion, and the provinces or the municipalities are concerned together, we expect the dominion to get the worst end of the deal. I do not know how it is, but we would rather stick the dominion government than the province or the municipality. In this case it is the other way about. We are being cheated, to use plain bald language, by the dominion government, which refuses to pay its legal obligations and defies us. That means that we, the citizens of British Columbia, have to pay them. The dominion, and that means the citizens of Canada, have the obligation to take care of the Indians. We do not try to avoid that obligation, and we as citizens of British Columbia are prepared to pay our share through general taxaton. That is the right way to do it, taxed by the government within whose jurisdiction the Indians come, but the wrong way to do it, is to cheat the hospitals and make them get into a state of destitution so that they have to come to the general public for subscriptions —we have had to put up money before. The only alternative is to raise the rates unduly on the white people.

What I direct attention to is the utterly illogical statement, made by one government official, that the reason the dominion government could not pay a rate for the Indians comparable with the rate the white people pay was that there were no more funds and there would have to be less sickness. Those were the words the hon. member for Vancouver East quoted. I do not know how you can bring that about simply because there is

no money. We have heard it said that people cannot afford to be sick, and I have heard it said that people cannot afford to die on account of the expense, but it is something new to hear that the Dominion of Canada cannot pay anything but a cut-throat price for the care of its wards in hospital because it has no more money. If that is the case, here and now is the place to remedy that condition. Let the minister say: "In consequence of facts that have come to my attention it will be necessary for me to ask parliament for more money for this purpose," and he would get it. But the statement was actually made by a government official: "There will have to be less sickness." Can you tell me how the Indians are to be less sick ? I myself know the case of one hospital in a town near where I live. They told us: If we did not give this unfair rate we would not get the business. My advice to that hospital board was to refuse to take the Indians in. White people are already lying in the corridors on account of the crowded state of the hospital. What is the alternative? "We will build a hospital of our own," they said. I laughed at that—building a hospital for two or three hundred cases a year. The other alternative was to take the patients out to Nanaimo, fifty-four miles away, over a mountain. The average sick person would have to be taken there in an ambulance, and any one who knows what ambulances cost will appreciate how utterly impracticable that would be when the patient might be only ten days in hospital. They were just trying to run a bluff on us.

The minister said to the last speaker that it was easy for agitators to influence the Indians. That is true. But these are white people who are not concerned at all with agitating. One man referred to, Neill—he is no relation of mine—is described as an agitator. Is anyone who asks that reasonable rates be paid an agitator? What is it the scripture says—"a little more rest, a little more sleep." The average official never wants to interfere with things as they are. Laissez-faire is his sole ambition. When somebody comes along and wants things improved, he is an agitator. All the hospital boards in British Columbia united in supporting this brief, and they asked: Why is the dominion government not paying the same price for Indians as we are paying for our white patients? And now we are told: "You have been stirred up by an agitator." All we are asking is that the dominion government should pay the same rate for Indians as we are paying for our white people. I saw the other day in the paper that the rates in the hospital to which I subscribe, to which I would go if I were sick, have been raised to make up a deficiency in cost. Yet here is the dominion government insisting on Indians going into hospital at a price below the cost. Then they instance some remarkable hospital in the remote north which, with the aid of unpaid nuns possibly, was able to keep its rates down. But we are dealing with conditions as they are in a town where ordinary labour earns about seven or eight dollars a day, and a young boy or girl of sixteen, sixty cents an hour in a plywood mill and where nurses are working on a three-shift day.

It has been said that they are going to put up a new hospital for tubercular Indian patients near Chilliwack, that they can do it more cheaply there. It is sometimes said that the Post Office Department is run at a good profit. Cabinet ministers boast of that, but they do not tell you that half of the expense is paid out of another item and that some of the revenue comes from the stamps on our cheques, which is not revenue but a tax. Public buildings are all paid out of a separate account, yet they say: Look and behold what the post office is paying. If you investigate it, Mr. Chairman, you will find something along the same lines in regard to the hospitals. In estimating costs, they omit capital expenditure. We are not asking for something outrageous; we are not asking for anything more than is coming to us. We do not ask to be put in a preferred position. The men who drew up that brief for the united hospitals of British Columbia say: We want them to pay the same as the workmen's compensation board pays. That board does not pay more than it can help. It was stated to us when we were making representations about the matter that some of the hospitals were satisfied with this arrangement. I am willing to guarantee that none of them are satisfied. They may be quiescent, taking the attitude: "What is the use of our kicking? We are only a small hospital."

The statement has been made that the trouble has been caused by agitators and the dominion government says: We cannot afford to pay any more because we have not the funds. If that is so, the minister is now aware of it, and if he has not sufficient to pay a reasonable rate he should ask parliament for a further vote. I cannot see why individual people in one little community should have to pay for the losses that are caused by the hospital having to take in Indians who may come from twenty miles away. I can see no rhyme or reason in it, and if the minister says that it is because the dominion government has no funds for the purpose, I ask him to bring in a supplementary estimate if necessary for a sufficient sum. That is all we ask for

that the dominion government pay the cost of maintenance for the Indians in the hospitals to which they are sent.

Mr. DONNELLY: A committee of which I am a member has been investigating national health insurance and the possibility of putting on a scheme covering the whole dominion. Is it the intention of the government, if such a scheme is adopted, to include Indians? If so, the estimated cost should be noticed; it is just about twice what it is here.

Mr. CRERAR: Replying first to the observation of the hon. member who has just spoken, no consideration up to the present has been given to the matter of including Indians in any health insurance scheme which may later be worked out.

Mr. NEILL: Why not?

Mr. CRERAR: Well, I am not opposing the idea. I am simply stating that up to the present, consideration has not been given to it. It may well be that if we embark on a national health insurance scheme the Indians will be included.

On this question of hospital rates in British Columbia, let me make it clear at once, if the hon. member for Comox-Alberni has the impression that I am guilty, that at no time have I referred to those who brought the matter to the attention of the federal government as "agitators"; I have not so described them.

Mr. NEILL: I did not say so.

Mr. CRERAR: Then I misunderstood my hon. friend.

Mr. NEILL: I said it was represented to the minister that the matter had been gone into and that the whole thing was due to an agitator in British Columbia.

Mr. CRERAR: I did not quite understand my hon. friend. It may be that the department has been too parsimonious with the hospitals in British Columbia. No fault can be found with the hospitals associaton or with individual hospitals for having put before the department and before myself the representations they have made. The demands in respect of medical costs for Indians have been rising steadily. There may be those who say: Well, no matter what the demands are, you should provide a certain standard of medical care for all the Indians across Canada. I recall that this matter was discussed with myself on more than one occasion by the late Lord Tweedsmuir. He made a trip on one occasion to Aklavik, and he thought that our hospital facilities in the far northern country were deficient, that we did not have the proper hospital facilities there. But when we come to administer the funds voted by parliament we try to get the maximum of results. Certainly if we have x dollars for hospital treatment of Indians and the rate is, say, $2.50 a day, you can care for more Indians than if the rate is $3 a day. I am not just now justifying the department. It may be that our attitude to this matter is not wise. But certainly when you have in mind the tremendous demands for the spending of public money in all directions and the need of maintaining some sort of balance in our economy, consideration has to be given to matters such as this.

As I recall, the rates complained of in British Columbia were $2.50 a day. We have, for most of the hospitals in that province, and I think it will apply very shortly to all of them, raised the rate to $2.75 a day. The hospitals association wished the rate fixed at $3 per day, and I shall be glad, in the light of the representations made here by the hon. members who have spoken to the matter, to take it into further consideration. I think this request has come from all hon. members from British Columbia irrespective of their political affiliations. I might point out, however, that in the operation of our own hospitals, in which we have some experience, we managed to carry them on at a figure substantially below the rate we pay the general public hospitals. For example, we have in British Columbia a hospital at Coqualeetza which was brought into operation about August 1, 1941. It is mainly concerned with tuberculosis. From August 1, 1941, to December 31, 1942, a period of seventeen months, there were 457 patients at one time or another, there were 52,253 hospital days, and the per diem cost was $2.08 per day.

Mr. NEILL: Did that include capital expenditure?

Mr. CRERAR: No, I was just going to refer to that. I intended to make it clear that that does not include items of taxes or depreciation or interest on the money invested.

Mr. NEILL: Capital expenditures.

Mr. CRERAR: Referring to another government operated hospital, that at Qu'Appelle, in Saskatchewan, there, 1,349 patients were treated, with a total of 28,114 hospital days, and a per diem cost of $1.33.

Mr. NEILL: For what period?

Mr. CRERAR: That would cover a year, I think.

Mr. NEILL: Which year?

Mr. CRERAR: Well, probably the last year for which we have records. It would be the last audited statement.

Mr. NEILL: What about comparable wages? Has the minister any record?

Mr. CRERAR: We engage the nurses and all other help, and we have to pay them the proper rates in order to retain them. Let me make it clear that I am not putting forward these facts as an argument against the requests made this afternoon on this point. All I wish to say is that in the light of the representations a full review will be made of the matter. At any rate the rate will be $2.75 in British Columbia, and I hope we shall be able to get it raised to $3.

Mr. GILLIS: With reference to the Indian situation in Nova Scotia, I am familiar with it up to about three months ago. I carried on considerable correspondence with the department and met departmental officials. The programme in that province is to concentrate the Indians at two particular points, Eskasoni and Shubenacadie. I am not going to say anything about the merits or the demerits of the scheme. What I am interested in is this. You are making good progress in concentrating them at these two points and you run into the priorities board with respect to the necessary materials to build houses in the areas in which you are going to complete your programme. That was the situation up to three months ago. I do not know anything about it beyond that point. All I want the minister to do is to give me a brief summary of matters as they now stand. Has he developed his programme? Is he getting materials for the necessary buildings in order to complete the programme he has in Nova Scotia?

Mr. CRERAR: That comes under another vote, but I can answer it now. Steps were initiated about two years ago looking to the concentration of Indians in Nova Scotia on two reserves. There were roughly 2,000 Indians scattered over nineteen reserves without proper supervision. Some of the reserves were close to towns and cities and that made it difficult to achieve any real progress with the Indians. They are being gathered together in these two reserves, and that involves the building of houses, schools and teachers' residences, because our aim is to secure teachers who will remain permanently on the reserve and thus acquire influence with the Indians. Tenders have been called for these buildings, and it is not expected that we shall have any difficulty in getting the materials necessary for their construction.

Mr. McCANN: I suggest that if the minister proposes a change of rates in hospital pay they be uniform throughout the whole dominion. Costs for hospitalization are comparable in all provinces, and it would be poor policy to single out British Columbia or any other province and fix one rate there and another rate in some other province.

Mr. DOUGLAS (Weyburn): We seem to be having a general discussion on this item, and I should like to direct a few questions to the minister with reference to a matter of some importance. The first question is what attitude the government has taken with reference to the calling of Indians for military service. The minister knows that there has been some discussion as to the exact status of the Indians in the matter of military service. Sessional paper No. 136J, brought down in the house on Thursday, June 24, contains two letters to Indian agents in Saskatchewan. I should like to quote briefly from these. The first letter is from the general superintendent of Indian agencies to Mr. J. R. Favel, Sweet Grass Indian Reserve, Prongua, Saskatchewan. I quote:

Dear Sir:

I have your letter of December 8 with respect to compulsory service of Indians.

In your letter you have pointed out that you are quite positive that Indians, or anyone who is not enfranchised, are not subject to service.

We are not interpreters of the law here and the only reply I can make to this is that in a letter we received from our branch at Ottawa the following was drawn to my attention:—

"The national war services department has now advised that all Indians must hold themselves in readiness for call for military service (30 days' training). If the Indians desire to avoid this military service, representations must be made by them, individually, when they are called for their medical examination. The representations would then be forwarded to Ottawa and would be considered at that time."

Yours truly,

M. Christianson,
General Superintendent of
Indian Agencies.

The second letter is also from the general superintendent of Indian agencies to Chief and Councillors, Little Pine Reserve, Paynton, Saskatchewan. The letter is file No. 302-5. I will not quote more than two paragraphs:

In this connection I wish to inform you that shortly after I came back to Regina in 1940, I brought this very same matter to the attention of His Honour, Mr. Justice Embury, chairman of the national war services board, and he looked thoroughly into the matter of the enlistment of Indians in the Canadian army. His Honour Mr. Justice Embury informed me that he could find nothing in the treaties of Canada with the Indians whereby they were exempt from military service. At the same time he explained to me that the Indians could

not be called for military service overseas, but they could be drafted for the army for service in Canada only.

During the last war a number of Indians all over the country were conscripted. At that time the government found that an error had been made and treaty Indians could not be conscripted for overseas service in the army as that promise had been made to them at the time of the signing of the treaties, that is, they could not be conscripted for fighting wars outside of Canada, therefore those Indians who had been conscripted were discharged immediately from the army.

I should like to know first whether that is a correct interpretation, that the Indians can be conscripted for service in Canada, and second, whether they can be conscripted for service abroad. What is the exact legal status of the Indian who is called for service in Canada? As wards of the government, without the full rights of citizenship, does the government contemplate giving them some of the rights of citizenship in view of the fact that they are discharging some of its responsibilities? I should like to have that clarified because a number of Indians have been confused on this question.

I have another question to ask the minister with reference to a matter that was brought up in the house on May 24, as reported on page 2930 of *Hansard*. I had a question on the order paper as follows:

Has a letter been issued by the superintendent of Indian agencies at Regina, notifying the Indians that only part of the interest accruing from money held in trust will be paid to the Indians during the war?

The answer to that question was:

No. An attempt has, however, been made through inspectors and Indian agents to persuade Indians to forgo temporarily, in whole or in part, the distribution of interest earnings and other moneys held in trust for them.

The minister goes on to explain that the Indians have better opportunities for earning money now, and states that it is not felt that they are in great need of money, some of which is being withheld from them. I have had complaints from Indians in the reserves immediately around Regina that moneys accruing to them from trust funds have been withheld without their consent or consultation with them. That statement may not be correct, but I should like the minister to state to the committee whether or not, in the event of the Indians not agreeing to having this money which is coming to them withheld temporarily, either in whole or in part, it is the policy of the Indian administration to withhold that money on a compulsory basis. When I was in the west some of the Indians told me that they had received this year only about forty per cent of the money which they were accustomed to receiving in other years and that they had never at any time been asked whether or not they would agree to have any money withheld.

I agree with the minister that there are cases where some Indians have more money than they had before. Some of them have sons in the army or some of the women have husbands and are therefore getting dependent's allowance. But there are other cases where the war has not made much difference. I met one man who has a large family and who is operating a small farm, and his expenses are as great as they ever were. His cost of living is higher and the fact that money is withheld constitutes a severe financial problem for him.

These are the questions I should like to have the minister answer, first of all with reference to the status of the Indians in the matter of compulsory military service, and second, whether or not this money is withheld from them without their consent.

Mr. CRERAR: In regard to the first question, the hon. member was not in earlier when I answered a similar question from the other side of the house, but I may briefly repeat the answer. Indians are liable to military service in the same way as any other citizen of the country. The justice department gave a ruling to that effect. They are British subjects and consequently are treated alike in the matter of military service with all other British subjects The view of the Department of Justice was supported by a court decision not very long ago in the Montreal district.

With regard to the second question, it is not necessary to secure the consent of the Indians to the withholding of funds, as for instance the interest on band funds, unless there is some understanding to the contrary. I have in mind the case where some of the assets of a band may be sold. If the Indians gave their consent to the disposal of the assets on certain terms, those terms would have to be observed, but in the cases my hon. friend has in mind consent is not necessary. The officers of the department, who are wholly sympathetic to Indian welfare generally, in the cases cited felt that the Indians were not in need of the funds at that particular time. If $500 is coming to an Indian as the result of a fur catch, for example, and he gets that $500, I venture to say that in ninety-nine cases out of a hundred the money will disappear within thirty days. It is much better to hold the funds and distribute them to the Indian as his need arises. As a matter of fact that is what is being done in connection with some of the fur reserves that were set up

and are now in operation, with the result that in some cases we have been able to pay an Indian family $20 or $25 a month the year round. It is much better to hold back the money and pay it in monthly instalments of that kind than to give the family a lump sum of $240 or $300.

I can assure my hon. friend that it is the desire of those administering Indian affairs to deal equitably and justly, though perhaps at times it must be done firmly, with the Indians under their administration.

Mr. DOUGLAS (Weyburn): I want to make just one comment in reference to the minister's reply. Has the government given any thought to the proposition that if these Indians are to be held to be British subjects and therefore subject to the responsibilities of citizenship, they should enjoy some of the rights of citizenship? It seems to me that if in the matter of military service the government now is going to say that the Indians are British subjects, we should give some consideration to extending the franchise to them and giving them some of the privileges of British subjects. That might not be done all at once, but certainly I think we should not ask them to pay the price and accept the responsibility without giving them some of the privileges.

I fully agree with the minister when he says that where a large sum of money is coming to the Indians it is much better to spread the payment of that money over a period of time; I think that is a very wise procedure. The Indians I have in mind, however, and the ones to whom I spoke, had no such sums coming to them. I remember one man who usually had about $100 or $110 coming to him as the interest on some funds held in trust. This year he was given only about $40. He was counting on that money to buy seed to get ready for spring operations, and $40 was totally inadequate to meet his needs. It seems to me that these matters should be handled on an individual basis rather than under any blanket regulation. There might be certain cases in which the withholding of the money would be the best possible thing for the families concerned, while in other cases it might be a hardship. If the practice of withholding money has been adopted as a general policy I suggest that the department may be working an undue hardship on some of these Indians. It seems to me the cases ought to be investigated and dealt with individually, on the basis of the individual need.

Mr. CRERAR: If my hon. friend will give me the individual case he has in mind I shall be very glad to have full particulars supplied to him. As a matter of fact generally speaking the cases are dealt with individually rather than en bloc. With regard to enfranchisement, to which my hon. friend refers, a comparatively small number of Indians are enfranchised each year. There is a peculiar thing about this, however; if the hon. member for Brant were here no doubt he could give us some information on it. On many of these reserves where the Indians could be enfranchised they do not want it, and of course there is no compulsion exercised by the authorities. It may be that in the years that lie ahead the question of compulsory enfranchisement, that is, compulsorily making the Indians citizens of the country in the ordinary sense, may have to be considered. My experience and observation, however, give me the impression that many of the Indians who would be quite competent to exercise the franchise would refuse to accept it. This situation may arise from a mistaken idea of their peculiar status. Some of these Indian bands say, "We are allies of Canada; we are an allied nation within the Canadian nation." All I can say is that it has not been the practice compulsorily to enfranchise any Indians, and that as a matter of fact a great many who would be quite capable of exercising the franchise would refuse to accept it.

Mr. DOUGLAS (Weyburn): It might be wise to give them an opportunity to avail themselves of it.

Mr. CRERAR: They have that opportunity now.

Item agreed to.

Immigration branch—

169. Field and inspectional service abroad, $80,004.

Mr. CRERAR: May I take a moment of the committee's time to mention that Mr. F. C. Blair who has been associated with the immigration branch for almost forty years has reached retirement age; indeed retirement age was reached a few years ago, but I was able to prevail upon him to remain. I just wish to say that in all my experience with government officials I have known none more conscientious or more faithful in the discharge of his duties. He brought to the discharge of these duties ability of a very high order. I simply wish to pay this tribute to a public official who has rendered long and distinguished service to his country.

Mr. GRAYDON: Mr. Chairman, the words so well expressed by the minister find a ready echo on this side of the house. It would have been unfortunate had the services

and record of Mr. Blair gone unnoticed, or without tribute at this time. I join with the minister, and express on behalf of this party an appreciation of the services Mr. Blair has so loyally, so industriously and with such capacity rendered to Canada.

On the matter of immigration, has the government given, or is it giving consideration to a policy of immigration for Canada at the close of the war? This is a question which for a considerable time has engaged the attention of people across Canada. We are now in a time of war. We have found that unpreparedness for war has been a costly business, and I think it is only fair to point out that it will be equally costly not only in dollars and cents but in many other respects if, at the dawning of an era of peace, we find ourselves unprepared, as we were unprepared for war. Is the minister in a position to-day to give the committee any indication of what policy the government intends to follow with respect to post-war immigration to Canada?

Mr. CRERAR: Consideration is being given to this problem continuously, as well as to other post-war problems. However, I am sure my hon. friend will recognize that at the present time it is difficult to lay down any definite plans which, it could be said, would be closely followed. We have yet to conclude the war. We have yet to see what sort of peace will be worked out when the war is over. In the light of the conditions then prevailing, and the information that will then be available, more definite decisions can be taken as to what public policy in this regard should be.

Mr. GRAYDON: I hope the question of immigration will not be left entirely until the peace treaty has been signed between the warring nations of the world.

Mr. CRERAR: As I have told my hon. friend, the matter is constantly under consideration.

Item agreed to.

Soldier settlement of Canada—

336. Administration of soldier settlement and British family settlement, $542,930.

Mr. FAIR: I believe it is less than twenty-five years since the conclusion of the last war. We have already fought almost four years in this war. From present indications great war No. 1 was only a patch on the one we are now fighting. While we have been trying to rectify things throughout the world, I feel we have failed to improve the conditions of some of the victims, if I may so describe them, of the first great war. I refer to the soldier settlers.

I am sorry we have not been given an opportunity earlier in the session to discuss this matter. Again this year we are following the procedure adopted last year, namely, that of crowding estimates to the value of millions of dollars into the dying hours of the session. I should like to read an address delivered by Sir Robert Borden to the Canadian expeditionary force in 1917, and having done so, I shall inquire whether Canada has fulfilled the promises therein set out, the promises by the then Prime Minister to the men who fought the war of 1914-18. He said:

> You are men actually facing the enemy day and night. You are suffering greatly from fatigue, over-strain, and lack of rest. The marvel of it is that men could undergo such a strain without breaking; but you have never yet broken, and history will appreciate that in days to come.
>
> You men are about to enter one of the most serious engagements that ever faced the Canadian corps. I cannot, at this moment, give any information as to where this attack will be staged, whether it be successful or not, it is to be borne in mind that it will not be an easy success. . . . We feel confident that you will succeed where others failed; for you have never yet failed in anything you have set your hand to, as a Canadian corps.
>
> You can go into this action feeling assured of this, and as the head of the government, I give you this assurance; that you need have no fear that the government and the country will fail to show just appreciation of your service to the country and empire in what you are about to do and what you have already done.
>
> The government and the country will consider it their first duty to see that a proper appreciation of your effort and of your courage is brought to the notice of the people at home, and it will always be our endeavour to so guide the attitude of public opinion, that the country will support the government to prove to the returned man its just and due appreciation of the inestimable value of the services rendered to the country and empire; and that no man, whether he goes back or whether he remains in Flanders, will have just cause to reproach the government for having broken with the men who won and the men who died.

Mr. CRERAR: I take it my hon. friend desires to make a somewhat extended speech. In that event I would ask that the item stand so that we may proceed with the Department of Public Works. I understand that the minister of that department has an engagement which he must keep.

Item stands.

DEPARTMENT OF PUBLIC WORKS

256. Departmental administration, $194,780.

Mr. REID: I do not know whether the matter I have in mind comes under this item; but, if not, I hope the minister will see that my remarks are called to the attention of the appropriate minister. In these days of common-sense dress, especially during the summer time, I do not think our protective staff and others in the building should have to dress as they do during the warm weather. The heavy clothing they must wear is not only uncomfortable but, to my mind, it is not healthy. I believe something has been promised by way of relief for the protective staff, but something should also be done for the elevator operators.

Hon. ALPHONSE FOURNIER (Minister of Public Works): The protective staff comes under the jurisdiction of the Speaker, and I shall be glad to inform him of what the hon. member for New Westminster has said. We are considering making a change in the uniforms worn by the elevator operators in the building.

Mr. HANSELL: Last year on the orders of the day I asked the Minister of Public Works if anything was contemplated in the way of flood control works on the Highwood river which passes through the town of High River, some distance south of Calgary. At that time we were in what is lightly known as the flood season. Snow collects to great depths in the foothills and in the Rocky mountains throughout the southern part of Alberta, and at certain seasons of the year, especially when the warm rains come, the water rushes down the streams and rivers at such a terrific rate that very often towns are in serious danger of being flooded out. That is exactly what happened on that occasion.

Some debris and stones and wood had gathered in the bed of the river sufficiently to change the channel of the river, resulting in the town of High River being under water. Damage to the extent of many thousands of dollars was done. These floods are of such a nature that this town is not only in danger of suffering great property damage, but they come with such suddenness that there is also a danger of loss of life. Since that time this community has had to face a further danger. Flood conditions were not so bad this year because some little work had been done, and perhaps the rains came at different times or were not so severe and the ice jams were not as great. The attention of the department was drawn to this matter and I asked the department to place an appropriation in the estimates this year to cover this work.

When I got the estimates this year I found appropriations of millions of dollars but nothing for this work. I have interviewed the minister and the town of High River has sent representatives to Ottawa to interview the government. I should like to give credit to the Hon. Senator Riley for what he has done to urge the government to make an appropriation for this particular work. I scan through the estimates and I find the following appropriations for the different provinces:

Nova Scotia	$450,900
Prince Edward Island	45,000
New Brunswick	80,000
Quebec	387,500
Ontario	151,000
Manitoba	20,000
Saskatchewan, Alberta and Northwest Territories	10,000
British Columbia and Yukon	345,300

Nearly $13,000,000 are being appropriated for public works, but not one penny is being provided for this work in the town of High River. I have never asked this department or the government for very much. I will tell the minister now that when I do ask for anything it will be because what I am asking for is positively and absolutely necessary. I happen to represent a constituency in which there is very little need of federal appropriation, except for wheat acreage reduction bonus or something of that kind. I have very little need to ask the government for appropriations for public works. I do not have any federal government institutions in my constituency except two small customs offices and the regular post offices. Therefore I do not think I am asking too much when I come to the department and state the case of this community which is in grave danger of suffering considerable property damage, if not of being swept out of existence. I do not think I am asking very much when I come to the department for just a few thousand dollars to do this work that must be done on the Highwood river for the prevention of floods.

I hold in my hand an aerial photograph taken by the Royal Canadian Air Force official photographer as his plane flew over the site. I pass this photograph over to the minister so that he may see for himself what the town looks like. The photograph shows only part of the town, but if the minister will look at it very carefully, he will notice under one of the bridges a rushing torrent, with the water mounting almost up to the floor of the bridge. The bridges are still in, despite the fact that the river has overflowed its banks. He will notice, too, that part of the railroad is completely under water, that the highway is completely under water, and that the streets are

completely under water. I am sure he could not tell me where the banks of the river are, because it looks as though there were half a dozen rivers in there, but actually there is only one river, the whole town being under water.

There are one or two important features connected with this flood. It is through this town that the main trunk highway leads from the United States north to the Alaska highway. The one hard-surfaced paved highway that links the United States with the Alaska highway to the north runs through this very town of High River, which, as this picture shows, is completely under water.

Another important consideration that I would bring to the minister's attention is that there is a Royal Canadian Air Force training school adjacent to this community. It is not shown in the picture; it is about a mile to the left hand side of the picture. I do not know what the contour of the land is at the air school, but I have been told that the school is in danger at the high-water season.

I know the argument may be: This is not altogether our responsibility; the provincial authorities have some responsibility in the matter. I am not going to deny that, but what I do say is that at a time when floods are so serious it is no use and there is no time to wrangle over responsibility. One thing I am certain of is that this government cannot escape responsibility for floods wherever they may occur in Canada, because floods mean danger to the life of the citizens of Canada.

The provincial government of Alberta have done considerable work this year on this project. I was going to quote from the High River *Times* a resolution which the town of High River sent on to the provincial government of Alberta commending them for the work they had done, but evidently I did not bring it down with me. The town council of High River passed a resolution and forwarded it to the provincial government commending them for what they had done this year on the project. But this government has done nothing. I understand that the Canadian Pacific Railway Company were willing to make some donation to this work, realizing that their line was in some danger on account of these flood conditions. If a private concern such as the Canadian Pacific Railway Company is willing to contribute; if the engineering staff of the department of public works of the Alberta government is at the disposal of the town of High River, and if the town of High River is itself willing to contribute its share to this project, I think it is not too much for me to ask the federal government to bear some share of the financial burden of this work.

We are calling upon our people to do a good deal of sacrificing in these days, and I am wondering now if this government is willing to show the people of this district that it is willing to sacrifice on their behalf. Surely this government cannot escape some responsibility in the matter. As I say, we ask the people to sacrifice, and they do. This community has done its share of sacrificing and of making donations to cause after cause, and in taking its share of victory bonds. I do not want to be too harsh, but I wish to read a clipping from the High River *Times* of April 1, 1943, written at a time when the town was in danger from flood this spring. I do not want the minister to consider this article too hot. I want him to recognize as I read it that at the time it was written the people of that community were in danger of losing life and property. The article reads:

> Since the outbreak of war this town and district have supported every appeal the federal government has issued. Approximately $600,000 have gone from here for victory bonds.

I pause for a moment to say that was the figure after the third victory loan campaign and it has been very considerably increased by the contributions to the fourth victory loan. I continue the quotation:

> Every other form of financial appeal has been similarly supported. This is a relatively prosperous settlement and the federal government receives substantial contribution from our citizens by way of income tax and an infinity of other taxes.
>
> The town and district have sent out hundreds of the best young people to the call of the armed services. Now, in the time of community need Ottawa refuses every appeal to preserve what has been built up.
>
> Yet the consequences of delayed action are likely to be infinitely more costly. If the river is permitted to fulfil its present threats, High River citizens will be in no position to buy victory bonds nor pay income tax nor respond to any requests and demands of the federal government. In fact there may easily be the problem of reestablishment of flood victims, a relief problem far transcending the $25,000 which is asked. In addition both governments may face losses in the whole area of the Little Bow in public roads, bridges, homes, farm lands and so on.

At that particular season, namely the spring season, people in the town of High River and district are really facing reality when the ice jam takes place in the river, and it can easily take place when rains begin to come on the mountains and there is still ice in the river. Flood conditions can be extremely serious. The rush of water is bad. It breaks down dams; it uproots trees, and life is in danger. If any lives were lost in a

flood, the government would immediately demand some sort of an inquiry. An inquiry would be made, decisions reached, and apologies made. But apologies would then be too late. If something is not done conditions may be serious in the future. I must be fair and say to the minister that the Alberta government has done considerable work this year, and we trust that the danger of serious damage by reason of flood may have passed by reason of such work, but still more is necessary. I will not delay the committee farther, but I ask the minister to give me and the committee and the people of that community an answer to the effect that his department will consider placing in next year's estimates, in plenty of time, an item of twenty or twenty-five thousand dollars for this work. I know what happens with these estimates. I know that a department likes to place a number of items there; that they go before the treasury board and that the board take out their blue pencils and mark out this and mark out that and mark out something else. I do not know who the members of the treasury board will be next year, whether there will be any change, but I urge the minister to include this item in next year's estimates and impress upon the board with all the determination, persuasiveness and enthusiasm of which he is capable, that the item for this particular purpose shall be left in. Can I get an assurance from the minister that some consideration will be given along this line?

Mr. FOURNIER (Hull): I would be the last man to blame the hon. member for Macleod for explaining the flood situation at High River. If the same condition existed in my riding, probably I would make the same speech as he has just made. I really sympathize with these people, and I have received representations on their behalf from the hon. member and the senator of that district. I am glad that we agree that these damages do not fall under the responsibility of the federal government. We have no jurisdiction over mountain streams or floods. I was most sympathetic when the hon. member spoke to me about this, but I could not find any way to have an estimate placed in the present vote.

Mr. KUHL: The government controls all the money.

Mr. FOURNIER (Hull): Were this department to provide estimates in respect of all damages caused by floods we would have to meet a considerable number of requests. I might point out that in the last two or three weeks there was a flood in the province of Quebec which caused damages amounting to over a million dollars.

Mr. HANSELL: Mr. Chairman, might I interrupt? I am not asking the minister to reimburse the citizens of High River for damage done; I am asking for an appropriation to carry on the work of directing the channel of the river so that floods will not occur again. I believe that, if the minister does not quite understand the situation, his deputies and engineers are well acquainted with the facts. I repeat that the citizens of High River do not ask for any compensation from the department because their homes were damaged, the cellars flooded, the mains broken up; they are asking only for an appropriation for work to be done in the river so that the channel will be safeguarded.

Mr. FOURNIER (Hull): Were I to try to comply with the request, I would have to comply with requests made from other parts of the country where they have floods. My engineers, who understand the situation, inform me that we have absolutely no jurisdiction.

Mr. STIRLING: Is this a navigable river?

Mr. FOURNIER (Hull): No; it is a mountain stream.

An hon. MEMBER: It is a creek.

Mr. HANSELL: It is no creek.

Mr. FOURNIER (Hull): Although I am most sympathetic, I could not commit the department or the government to promising that we shall have an estimate next year for this purpose. I believe certain grants have been made for protection works along rivers; but since the beginning of the war it has been the policy of the government, and it has been demanded by all opposition parties, that civil estimates should be reduced as much as possible. This year there is a decrease of $405,000. I do not feel at liberty to start increasing at this time our civil estimates. It would be absolutely contrary to the policy of the government, and I do not believe I would receive the support of the opposition were we to come in with large estimates for other things at the present time.

Mr. GRAYDON: Is that a factor which is usually taken into consideration?

Mr. FOURNIER (Hull): That is what I am trying to take into consideration in preparing my own estimates. Perhaps I am wrong. I would rather vote large sums of money to all constituencies, were I at liberty

to do so, but I do not think I would receive the support or approval of the house if I tried to change the policy at the present time.

Mr. HANSELL: I do not particularly want to pursue the discussion, except to say that it is very easy for the minister to remark, "That is not my responsibility; we have no jurisdiction over mountain streams." I do not think this could be called a mountain stream. It is a river. I know it is near the foothills. Not only that, it seems to me it is a very easy thing for a minister to assert that it is not his responsibility or that of his government, but that some other government is responsible. The fact of the matter is that, if life is in danger, it is just as much the responsibility of this government as of any other.

Let me go one step farther in that respect. The minister says that since the war began they have to reduce their estimates. That is all right for a tale. It is a sort of fairy tale. Of course we would like to reduce all our expenditures, but where expenditures are necessary they are necessary; that is all there is to it, and this is a paltry amount. It would sound like a lot to the man who is playing a violin with a little tin can attached to the end of it for people to drop pennies in, but $20,000 is a little tiny speck of a drop in the great ocean of expenditures which we in this country are making in these days. The argument about cutting down estimates does not hold water when something is absolutely necessary. I have only asked the minister to reconsider this matter. I am not asking him to put it in these estimates, because I know that will not happen, but I do ask him to reconsider it for next year's estimates, those of 1944.

Item agreed to.

Chief architect's branch—British Columbia—
266. Dominion public buildings—improvements and repairs, $55,000.

Mr. GRAYDON: Are there any capital expenditures on public buildings?

Mr. FOURNIER (Hull): No. We are spending money only for maintenance, repairs, alterations and salaries.

Item agreed to.

Chief architect's branch—Generally—
269. Experimental farms and science laboratories—replacements, repairs and improvements to buildings, $80,000.

Mr. GRAYDON: What does the item mean by "replacements"? Are any new structures covered by the item?

[Mr. A. Fournier.]

Mr. FOURNIER (Hull): There are no buildings to be erected, unless they are in such a condition that we have to replace them. There are some buildings that no longer fill the needs. This is to provide for replacements, repairs, improvements to buildings on various experimental farms, and science laboratories throughout the dominion.

Mr. GRAYDON: There are no new buildings?

Mr. FOURNIER (Hull): No.

Item agreed to.

Chief architect's branch—
270. Flags for dominion buildings, $8,000.

Mr. GRAYDON: Is this for flagpoles as well?

Mr. FOURNIER (Hull): No; just the flags.

Mr. GRAYDON: There was an interesting item in one of the other estimates that dealt with flagpoles, and I hope it is not being duplicated in this department, which the minister says is so economical.

Item agreed to.

Chief architect's branch—
272. Veterans' hospitals—Repairs, improvements and alterations, $60,000.

Mr. GRAYDON: Is any of this for Christie Street hospital?

Mr. ROWE: A replacement there would be in order.

Mr. FOURNIER (Hull): There is an amount of $8,500.

Mr. GRAYDON: For Christie Street?

Mr. FOURNIER (Hull): Yes.

Item agreed to.

Chief engineer's branch—
Maintenance and operation of graving docks, locks and dams, etc.—
283. Selkirk—repair slip, $3,470.

Mr. GRAYDON: This looks like an appropriate item for Selkirk—a repair slip.

Mr. MACKENZIE (Vancouver Centre): My hon. friend is a poor prophet.

Item agreed to.

Mr. MACKENZIE (Vancouver Centre): We wish to take private bills at eight o'clock to-night, and therefore I move that the committee rise and report the resolutions and ask leave to sit again this day.

Resolutions reported, read the second time and concurred in.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLEMENTARY ESTIMATES, 1943-44

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1944, was presented by Hon. J. L. Ilsley (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 88, for the relief of Léo Guay.—Mr. Tomlinson.

Bill No. 110, for the relief of Jean Sylvia Murley.—Mr. Boucher.

Bill No. 111, for the relief of Gertrude Mantha Hore.—Mr. Fulford.

Bill No. 112, for the relief of Claire MacLaren Hunter Barlow.—Mr. Ross (St. Paul's).

Bill No. 113, for the relief of Mary Constance Helena Keys Bates.—Mr. Claxton.

Bill No. 114, for the relief of Margaret Anne Richards Johnstone.—Mr. Whitman.

Bill No. 115, for the relief of John Whitehead Casement.—Mr. Emmerson.

Bill No. 116, for the relief of Elaine Alice McCormick Desrosiers.—Mr. Hill.

Bill No. 117, for the relief of Marion Mathilda Heversage Jost Hooper.—Mr. Whitman.

Bill No. 118, for the relief of Phyllis Beatrice Barnett Woodham.—Mr. Hill.

Bill No. 120, for the relief of Ethel Wendman Lebenstein.—Mr. Boucher.

Bill No. 121, for the relief of John Preble Macintosh.—Mr. Abbott.

Bill No. 122, for the relief of Sonia Libenstein Kolber.—Mr. Whitman.

Bill No. 123, for the relief of Gilberte Piché Ouimet.—Mr. Macdonald (Brantford City).

Bill No. 124, for the relief of Irene Maud Pardellian Wright.—Mr. MacInnis.

Bill No. 125, for the relief of May Gertrude Russell McCarthy.—Mr. Hill.

Bill No. 126, for the relief of Geraldine Charlotte Wrangel.—Mr. Abbott.

Bill No. 127, for the relief of Anne Marie Garon Brown.—Mr. Claxton.

Bill No. 128, for the relief of Theodore Panos.—Mr. Macdonald (Brantford City).

Bill No. 129, for the relief of Glendon Malcolm Robert MacCallum.—Mr. Claxton.

Bill No. 130, for the relief of Pierre Henri Honoré Paré.—Mr. Casselman (Grenville-Dundas).

Bill No. 131, for the relief of Beatrice Belodubrofsky Schiller.—Mr. McIlraith.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

Chief engineer's branch—
Maintenance and operation of graving docks, locks and dams, etc.—
285. Snagboats, $49,745.

Mr. MacNICOL: When this item was up last year I asked the then Minister of Public Works what effort was being made to have the snags taken out of the Athabaska river between Waterways and Chippewyan. That river had many snags in it, roots and butts of trees lying in the water, which caused a great deal of damage to the boats going down it; frequently the bottoms of either the barges or the towboats were damaged. Has the department any appliance on the Athabaska river for removing these snags?

Mr. FOURNIER (Hull): We had the engineers of the department investigate the complaint in regard to snags on the Athabaska river, and after we received their report we had some dreding done which helped to relieve the situation. We have no snagboat on the Athabaska river; the only two snagboats we have are on the Fraser and Skeena rivers in British Columbia. We have received no complaints lately about snags, though we communicated with the different companies operating on the Athabaska river. If the situation warrants any action, I am sure the department will do its utmost to remedy any difficulties.

Mr. MacNICOL: If there is not a vote for removing the snags from the Athabaska river then the department should have one.

Item agreed to.

Chief engineer's branch—
290. Generally, $20,975.

Mr. GRAYDON: Are there any specially large items under this vote, described as "generally"?

Mr. FOURNIER (Hull): The largest amount would be for the Portage du Fort bridge, an interprovincial bridge between Quebec and Ontario, amounting to $3,500, and an amount of $7,000 for the Perley bridge at Hawkesbury. Those are the two largest.

Mr. GRAYDON: Why does the minister build his items in this fashion? I notice that he has an item of only $3,050 for bridges and approaches in Ottawa, but under this general item he has these two larger expenditures. In order that the committee shall be fully

informed of the details I do not think the minister should follow a system which, in fact, is not really a system at all.

Mr. FOURNIER (Hull): It is a system which existed long before I came to the department.

Mr. GRAYDON: That is scarcely a real answer.

Mr. FOURNIER (Hull): It could not be excused, of course, if it is not a correct practice. The officials have not changed their minds up to now. However, I can give greater detail with respect to this vote.

Mr. GRAYDON: The point which concerns me is that in this general vote there are amounts larger than the amount voted for Ottawa bridges and approaches.

Mr. FOURNIER (Hull): I see an item here amounting to $150 for the Calumet bridge, and—

Mr. GRAYDON: The minister has missed my point entirely. I am not desirous of having these small amounts placed on record, but I am desirous of having amounts specified when they are greater than the amounts contained in detailed items. I cannot quite see why the committee is not entitled to have these larger amounts in detail, rather than in bulk form.

Mr. FOURNIER (Hull): Perhaps the leader of the opposition is right in what he says, but there are only two items larger than the item for Ottawa, and they are the ones I have mentioned.

Mr. GRAYDON: I have no complaint so far as the smaller items are concerned; in fact I think it is quite proper that they be submitted in bulk; but I still fail to see the wisdom of detailing the item for Ottawa, and then placing these larger items in a bulk vote. I raise this point as a caution to the minister that when he brings his estimates down again—if he has that opportunity—he ought to see that the procedure I have suggested is adopted.

Mr. FOURNIER (Hull): I shall call it to the attention of my officials.

Item agreed to.

Ontario—

295. Port Maitland—dredging—(revote, $12,800), $21,100.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $130,000.

Mr. SENN: I notice in this item an amount for dredging at Port Maitland, part of which is a revote. Is this work completed? The summer is fairly well advanced, and I know a dredge was there waiting to do the work. I ask this question because a large amount of material is being removed from the bed of the river, and along the harbour there is a breakwater behind which there is a certain amount of filling to be done. I took this matter up last fall with the department, but owing to the fact that the dredge was not properly constructed to force the dirt over the retaining wall I was told the work could not be done. Has any further consideration been given to the matter?

Mr. FOURNIER (Hull): I am informed that the contract will be completed in about a month's time, and this amount is for the completion.

Mr. SENN: I understand that. I think there is enough material removed from the bed of the river to fill it in. At present it is being thrown into the lake. It is essential that this work should be done, namely, that of filling in behind the retaining wall, because there is nothing behind that wall to hold it. It is just standing under its own strength. On the other hand, if it had dirt behind it to keep it from any possible buckling in, it would be much better. I was told at the time that owing to the construction of the dredge which, I believe, opened at the bottom and let the material drop into the lake, it was not possible to do the work. The board of trade and chamber of commerce of the village of Dunnville have been anxious to have this matter looked into.

Mr. FOURNIER (Hull): I am informed that we are saving enough filling to make the backfill behind the retaining wall. That will be done.

Item agreed to.

Telegraph branch—

300. Telephone service at Ottawa, $100,000.

Mr. GRAYDON: There is a very large increase in telephone service in Ottawa, largely owing, of course, to war-time conditions. I fancy the increase in the number of lines and the service in governmental departments has increased many times over and above the normal peace-time service. Has the government made any agreement with the telephone company for any special rates, in view of the large number of services installed?

Mr. FOURNIER (Hull): This amount is to pay the cost of the telephone services maintained in the government departments in Ottawa, but it does not cover telephones in the war departments.

Mr. GRAYDON: Does the government get a special rate in view of the large amount of service they take?

Mr. FOURNIER (Hull): We have a special rate which is much lower than the ordinary business or residential rate. The residential rate is $3.37 a month; private branch exchange, $3.97; office, $4.84. In September, 1939, we had 1,900 telephones in Ottawa; to-day we have 8,000. Three-quarters of these telephones are used by departments primarily engaged in military matters. Then it has been necessary to make thousands of transfers of telephones within the same buildings and also to new buildings where departments have been assigned space. Under the war appropriation we had an item of $300,000 for telephones. This vote takes care of 2,060 peace-time telephones, whereas the $300,000 vote takes care of the remainder.

Mr. SENN: When I first came to Ottawa the telephones in the members' offices were kept connected during the recess. It is of great convenience when a member comes to Ottawa during the summer months to be able to go to his office and make any appointments he may want to make with departmental officials. But to-day our telephones are cut off and we cannot get our work done as expeditiously. It should not cost very much to leave these telephones connected for the remainder of the year.

Mr. McCANN: The matter which the hon. member for Haldimand referred to is the very matter I wished to speak to myself. Telephone service apparently comes under the Department of Public Works. As the hon. member has said, we are here for approximately six months in the year and those members who are close to Ottawa and have to make visits here during the recess would find it convenient if their telephones were still connected. I suggest to the minister that the matter of telephone service in the House of Commons should be in the hands of the Speaker or the Clerk of the House. I think either one of these gentlemen would exercise reasonable care and good judgment as to what telephones should be left connected.

Mr. GRAYDON: May I join with the two hon. members who have spoken. It has proved most inconvenient for many members when they come to Ottawa during the recess to find their telephones not connected. Does this vote cover the ordinary service charges, or does it cover long distance calls as well?

Mr. FOURNIER (Hull): This is for service only.

In connection with the other matter, if an hon. member expects to spend any time in Ottawa during the recess, all he needs to do is to apply to the Clerk of the House in order to have his telephone connected. In years gone by we spent as much as three or four thousand dollars a year in order to keep the telephones connected in all the rooms.

Mr. GRAYDON: There is a feeling abroad that a lot of reckless long-distance telephoning is done by government departments, and I suggest that the minister check in his own department. However, I do not suggest that his department is the subject of this complaint. It is an easy thing to form the habit of calling long distance if the government is paying the bill. The long-distance telephone should not be used with reckless abandon in order to make calls from one end of the country to the other, perhaps not always on government business, although I make no such charge.

Mr. FOURNIER (Hull): Long-distance calls are paid for by each department and we have no control over calls other than those made by our own department. The Department of Public Works is carrying on works and repairs from Halifax to Vancouver and, when emergencies arise, the long-distance telephone is probably used. I do not know that there is any extravagance in this connection.

Mr. GRAYDON: Would it be possible for a person in the minister's department to make a personal long-distance call?

Mr. FOURNIER (Hull): A list of calls is made up every month and I believe the object of each call must be stated.

Item agreed to.

Chief architect's branch—
Construction, repairs and improvements—public buildings—
Nova Scotia—
502. Shelburne—Public building additions, $7,000.

Mr. GRAYDON: May I ask the minister what this public building is used for and why the addition is being made?

Mr. FOURNIER (Hull): This amount is required to provide for the construction of a one-storey brick addition thirty feet long by eighteen feet wide at the rear of the building for the purpose of providing increased accommodation for the Post Office Department.

Mr. GILLIS: Last session I inquired of the minister and the Postmaster General whether it would be possible to get an amount in the

estimates to provide a suitable post office building in a town of 12,000 to 13,000 people in my constituency in place of the ramshackle building that is now being used for a post office at Dominion, Nova Scotia. It is a disgrace to the name of post office. The minister stated at the time that it was not the policy, for the duration of the war at least, to do any new construction or make repairs that would involve considerable expenditure. In view of this vote I wish to ask the minister if the departments have changed their policy. If so, does it leave the door open for the redress of the grievance I raised last session in connection with the disgraceful conditions at the post office building in the town of Dominion, Nova Scotia.

Mr. FOURNIER (Hull): It is the policy of the department not to build new post offices during the war. We never spend money for post offices without a request from the Post Office Department. They needed additional space in Shelburne, and I have here a letter which formed the basis of our decision. The chief superintendent of the post office service made this recommendation:

> The postmaster at the Shelburne post office finds it increasingly difficult to maintain an efficient and satisfactory service. This is due to the ever-increasing volume of postal business undertaken at this point and the limited working space which the postmaster has at his disposal.
>
> One of the chief reasons for the increase in the volume of business is due to the strength of army formations stationed at this centre and, in view of the presence of these military units, it is very essential that the efficientcy of the postal service be maintained.
>
> Last year the Department of National Revenue was good enough to loan to this department a room formerly used by them as an examining warehouse. Recently, however, they were obliged to ask for the return of this room in view of increased customs activities at this point.
>
> Taking all these factors into consideration it is apparent that there is no alternative but to request the erection of an addition to this building and in this connection I beg to attach a sketch showing the proposed addition.
>
> As the necessity for this additional space is in a great measure due to the presence of military units, it is felt that the cost of the work of the addition could properly be charged to war appropriation.

Mr. GILLIS: I am not quarrelling with this vote at all. I approve it, but I am trying to point out exactly the same conditions obtain in the post office at Dominion. There is a lack of space, and inefficient service on account of that lack of space, in the building called the post office, a building that is a disgrace to the postal service. I dropped the matter last session after the minister had assured me that it was not the intention of the department for the duration of the war to make any expenditures in that direction. This vote is a departure from that policy, and I am inquiring if the road is now open to having repairs made at other places where they are badly needed, or else does the change of policy apply only to certain parts of the country?

Mr. FOURNIER (Hull): We never make alterations of this kind unless the Post Office Department recommends them and they are helpful to the war effort. I do not know the details of the case my hon. friend has put forward. It has not come to my knowledge.

Mr. GILLIS: It has come to the department's knowledge forcibly on more than one occasion, but not while the minister has held that porfolio.

Mr. FOURNIER (Hull): I shall look into the matter to see if something should be done, but I can give no assurance to the hon. member without having all the facts before me.

Item agreed to.

Chief engineer's branch—
Dredging—Nova Scotia—
507. Canso—To purchase and repair wharf, $26,000.

Mr. GILLIS: I understand that some investigation has been carried on by the engineering branch of the Department of Public Works into the possibilities of building a causeway across the strait of Canso. Is anything being done in that direction? If there is such a possibility, expenditure on wharves might be unnecessary, because a causeway across the strait of Canso would alter the whole present set-up and much of it would be eliminated. Is it the intention of the department to go ahead with the causeway in the near future? Is the matter being seriously considered?

Mr. FOURNIER (Hull): This item is for the purchase of the Whitman wharf at the price of $12,000 and general repairs at the cost of $13,350. This is not a ferry wharf; it is a wharf that belonged to Whitman and Sons. My information is that the Whitman wharf, which serves as the only public wharf at this place to handle freight and passengers, is rapidly becoming unsafe for traffic, and it is claimed that unless repairs are made shortly they will be without docking facilities at Canso. A. N. Whitman and Sons are now unable to maintain their wharf to the standard required for public service. This wharf is a port of call for the steamer plying between Halifax and Guysboro as well as many small coastal steamers carrying passengers and freight. A steamer maintaining a car ferry

service between Canso and Arichat has its mainland terminus at this wharf, and the operation of this ferry provides a saving of about sixty miles for cars going to Sydney via the eastern shore of Nova Scotia. Value of freight passing over the Whitman wharf in 1938 was $250,000, and number of passengers, 1,100.

Item agreed to.

Chief engineer's branch—Dredging—Ontario—

509. Grand river—Final agreed contribution to improvements; the Grand river conservation commission to discharge the crown from all claims whatsoever connected therewith and to undertake to pay to the dominion government, upon receipt thereof, 37½ per cent of net proceeds of any sale of lands and buildings, of any refund of moneys from the Canadian Pacific Railway and of any moneys realized from capital investments, $59,325.45.

Mr. MacNICOL: This amount refers to the cost of the building of the Shand dam, does it not?

Mr. FOURNIER (Hull): Right.

Mr. MacNICOL: Three or four miles north of Fergus. How much has the government contributed as its share of the cost of the Shand dam?

Mr. FOURNIER (Hull): Is the query concerning the amount paid by the government toward this project?

Mr. MacNICOL: Yes.

Mr. FOURNIER (Hull): It is $769,318.68, or up till March 31, 1941, the figure was $709,993. This is the final payment.

Mr. MacNICOL: What is the total amount the government has already paid out?

Mr. FOURNIER (Hull): It is $709,993.23. This amount of $59,325.45 is the final payment on the agreement.

Mr. MacNICOL: This afternoon the hon. member for Macleod made some reference to flood-proofing the High river in Alberta. The Department of Public Works will now have, in the flood-proofing of the Grand river, an example of the benefits of flood-proofing rivers. There would have been a large flood this year on the Grand river but for the Shand dam.

Mr. SENN: Unfortunately there was.

Mr. MacNICOL: The Shand dam prevented this spring a flood in the Grand valley which, the press of the valley stated, would have cost a very large sum of money. So that the money expended on this operation, which completes the government part of the Shand dam, is money well spent. The Ontario government have put up just as much. They were to pay 37½ per cent too. The municipalities of Brantford, Galt and the rest went together to pay the remainder. In my opinion the government should compile a circular pertaining to the construction of the Shand dam, its cost, use and benefits, and send it to municipalities which suffer through the overflowing and flooding of other rivers, in the hope that, as an after-the-war work, they, too, may set up an authority much as the Grand river people have done to save themselves great losses. I heard the minister say this afternoon that the overflowing of some river in his province this spring set the community back about a million dollars. A million dollars would go a long way toward flood-proofing any ordinary river.

Mr. SENN: Would the minister give the total cost of the Shand dam? While I am on my feet I may say that the Grand river is naturally flooding worse from year to year as the forest is disappearing; the snows disappear more quickly and the water runs out faster. I am not positive yet that the Shand dam is going to do all that the hon. member for Davenport claims for it. The flood was fairly serious this year. The dam has been completed for only a year or two, and as the hon. member suggested, it will, I believe, be a good thing if the government keep very close tab on what happens in that locality. The Grand river watershed is one of the most fertile places in Ontario. Will the minister state what is the total cost and what the receipts are to be from the Canadian Pacific Railway and other sources?

Mr. FOURNIER (Hull): The cost of the scheme was estimated at $2,000,000, but the real cost is $2,051,516.49. Of that amount 37½ per cent was paid by the Ontario government, or $715,000; 37½ per cent by the dominion government, or the same amount, and 25 per cent by the municipalities, or $500,000.

Mr. MacNICOL: The dam apparently cost $2,000,000, including easements.

Item agreed to.

Chief engineer's branch—Dredging—Ontario—

509. Port Maitland—Repairs to west pier, $55,000.

Mr. SENN: I would remind the minister that this work is very necessary. The east pier is in equally bad shape.

Mr. FOURNIER (Hull): This amount is to be expended as a result of the winter survey

which was made there. We have a vote in the ordinary estimates, and this supplementary is to complete the work.

Item agreed to.

General—
512. War risk insurance—subject to allocation by the treasury board, $270,000.

Mr. MacINNIS: Could we have some light on this item? My understanding of war risk insurance was that it was insurance the government was providing which private companies could not provide because they could not assume the risk. I should like to know what the amounts are comprising this $270,000, how they are placed and where, and any other information the minister has on the subject.

Mr. FOURNIER (Hull): The $270,000 is to provide for payment of war risk insurance on properties under the jurisdiction of the department. These properties are valued at approximately $199,067,189 and are insurable for ninety per cent of the valuation, or $179,160,470. The premium is fifteen cents per $100, making a total of $268,740, or, in round figures, $270,000. The valuations are:

Harbour and river works.....	$83,413,834
Public buildings outside Ottawa...	61,184,048
Public buildings at Ottawa.....	47,559,409
Expropriated properties, Ottawa...	731,108
Furniture in rented quarters, Ottawa	1,211,103
Furniture in rented quarters outside Ottawa	2,362,927
Government telegraph branch property	104,760
National Art gallery, works of art..	1,650,000
Canadian War memorial collection..	850,000

The issuance of this insurance was authorized by the War Risk Insurance Act, 1942, and by order in council P.C. 2/8917 of September 30, 1942.

Mr. MacINNIS: If there is a loss under the war risk insurance, who pays that loss to the government?

Mr. FOURNIER (Hull): I will admit I am not conversant with the act. The Minister of Finance put the bill through the house and, when his estimates are up, I have no doubt he will give the information.

Mr. MacINNIS: But this is an item in the minister's estimates and I think he ought to have information on any item of his. It seems strange that the government should insure buildings and pay the insurance itself if there is a loss. Does the government carry ordinary insurance on its buildings?

Mr. FOURNIER (Hull): No.

Mr. MacINNIS: To whom is this $270,000 paid?

[Mr. A Fournier.]

Mr. CRERAR: It comes back to the government. If the government puts insurance on one of its buildings and the building is destroyed, the government is the beneficiary.

Mr. MacINNIS: But how can the government be the beneficiary when it must pay the loss incurred? If the government pays the insurance to itself, where does the benefit come in? I admit I may be dense about this, but I do not think I am the only one, judging from the information I have received.

Mr. FOURNIER (Hull): I will call the attention of the Minister of Finance to the questions asked by the hon. member. I admit I have not made a study of the subject. I know an order in council was passed in 1942 and we are committed to the amount. I would not even say that it is a matter of bookkeeping, because I do not know. I would rather have the Minister of Finance give the explanation.

Mr. MacINNIS: It is a strange situation. Here we have an item of $270,000, and not a minister can tell us why it is there or how it is to be explained.

Mr. CRERAR: My hon. friend should recall that war risk insurance covers not only public buildings, for which this premium provides, but a vast number of private buildings.

Mr. GRAYDON: What does the minister mean by private buildings?

Mr. MacINNIS: Whose private buildings?

Mr. CRERAR: Factories and warehouses in a city like Halifax, and private structures as against publicly-owned buildings. The premiums on all these properties are paid into a fund under the act, and what happens is this. If a government property is destroyed, the government collects the amount from the fund, and in that event the private owners who had taken out war risk insurance under the act would be paying a part of the loss in the premiums they paid.

Mr. MacINNIS: Is the minister telling the committee that the government is putting war risk insurance on private property in Halifax?

Mr. CRERAR: No. The private owners pay it.

Mr. MacINNIS: Then, if the private owners pay, how is there an item in these estimates for it?

Mr. FOURNIER (Hull): War risk insurance applies to nearly all private property in the country and the private owners pay premiums into the fund. The government

also pays its premiums into the fund. If any damage occurs to a private property, the owners are paid compensation out of the fund, and if we suffer damages in our properties we receive from the common fund the amount of the damages incurred. That is the explanation.

Mr. DOUGLAS (Weyburn): This is the government premium for war risk insurance on government buildings?

Mr. CRERAR: Yes.

Mr. GRAYDON: It is more than that.

Item agreed to.

Chief architect's branch—Special—
Construction, repairs and improvements—
Public buildings—

513. Toronto postal station "A"—Improvements (revote)—further amount required, $9,000.

Mr. CHURCH: I wish to say a few words on this item. My colleague here has been complaining that I have not said a word all day. I want to point out to the minister the deplorable conditions at the terminal "A" Toronto post office. We have no post office there except a part of the union station, which was to be only temporary, although the receipts are $9,000,000 a year. This policy of continually patching up the terminal "A" postal station is intolerable. The business men are complaining that they cannot get adequate service. The government erected a large post office building on the west side of Bay street and when the war started, they gave it to the ordnance corps. The ordnance corps should move out of this new postal unit, because the city gave the whole of the exhibition grounds to the army, and there are huts also of the Royal Canadian Air Force along the waterfront.

The time has come to stop this patching up in connection with the post office. The post office in Toronto is a public utility and modern conditions should prevail there. Does the government think the Bell Telephone or a gas company or the hydro could do business in a building such as terminal "A"? People cannot get the service to which they are entitled. There is a large volume of business carried on by the post office, and the platform and trucks are laden with postal matters, first-class, second-class and third-class mail. They simply need this new postal building. From the point of view of labour also, especially at Christmas time, the present state of affairs is intolerable. The last time his estimates were up the Postmaster General promised that the army would move out, but they have not done so. Let the army move to the exhibition grounds. The post office cannot do business as it should and the result is that mail is delayed. It is a situation that can no longer be tolerated and I urge the minister to do something about it. Here we have $9,000 for temporary repairs or something of that sort, and in the main estimates $20,000, and last year, $72,000 for repairs to terminal "A." That sort of patching up cannot go on any longer. I ask the Minister of Public Works what he is going to do about the matter. Has he ever visited this property, to see the conditions that exist? Has he ever seen the conditions under which the mail is received and distributed in Toronto, as a result of which the people in the residential districts get only one delivery a day, while the business men down town are also all complaining? The staff and men are splendid. If you mail a letter in Ottawa on Thursday you will be lucky if it is delivered in Toronto on Monday.

The minister was able to construct two wharves at Burlington and another at Oakville, which are not used much except by a few yachts at the latter place, and surely, instead of this patchwork scheme, he could give the citizens of Toronto, who contribute over $9,000,000 in revenue, a little better postal building for service. There should be an order issued to the army to get out of this building, which is in the area of the harbour improvements. The time has come when they should move out. I pass there often and see a great many wagons and trucks going into that ordnance building, while the mail is all out on the platform at the depot. I ask the Minister of Public Works and the Postmaster General to look into the situation and have the army move out immediately, because the postal authorities, who render fine service, cannot handle the business properly in the fall of the year.

Mr. FOURNIER (Hull): This is a rare occasion, in that the Postmaster General and the hon. member for Broadview agree. I have received representations from the Postmaster General asking that the ordnance branch of the defence department clear out of the Toronto terminal and that the postal authorities be installed there, so that we are advising national defence to erect another building or follow the suggestions made by the hon. member, and vacate the premises. We hope that in the near future the post office will occupy the whole of the building.

Mr. CHURCH: The minister is a lawyer, and there should be an engineer at the head of the public works department. Eaton's or

Simpson's would not tolerate that sort of thing. The minister has never visited the property, to see the conditions that exist. I do not believe any lawyer should ever be Minister of Public Works. Eaton's would not have a lawyer in charge of their construction work. A lawyer has to do with legal business, not with public works, and after all this a public utility and service should be the key. The conditions I have seen there at Christmas time are disgraceful, with eight or ten thousand employees handling mail. I ask the two ministers to try to clean up the situation before the fall.

Item agreed to.

Chief engineer's branch—Special—

515. To provide for claims and other expenses in connection with unemployment relief projects, $45,000.

Mr. GRAYDON: I take it that these must be overdue accounts from some previous period, because I cannot quite conceive that in 1943 we would want to appropriate any money for unemployment relief projects.

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

Mr. GRAYDON: No, Mr. Chairman. I am going to suggest that in spite of your desire for speed, at least the minister be given an opportunity to reply to my question.

Mr. FOURNIER (Hull): This is a carry-over. We had some dispute over the claims of two companies in Quebec who had the contract for the construction of the section of the Quebec intercepting sewer undertaken in 1939 as an unemployment relief project and completed in November, 1942. In full and final settlement the contractor Marcotte is to receive $32,098.25, and the contractor Auclair is to receive $12,901.72. When it came to settling the balances there was some difficulty. Now our engineers and their engineers have made a valuation and these are the amounts we believe should be paid.

Mr. GRAYDON: There is no such project going on at the moment?

Mr. FOURNIER (Hull): No; it is complete.

Item agreed to.

DEPARTMENT OF JUSTICE

87. Departmental administration, $162,853.

Mr. BRUCE: I should like to say a word in regard to the request made by the hon. member for North Battleford that the minister take notice of the publication in the Toronto *Evening Telegram* of an article by Max Eastman, which had been published previously in the *Reader's Digest,* and her suggestion that action be taken under the defence of Canada regulations. I am at a loss to understand how a request of this kind could be made logically by one who has been demanding in this house from time to time freedom of speech and freedom of the press. I just wish to say that there is no newspaper more loyal to the institutions of this country and to Canada as a whole than is the *Evening Telegram,* and I hope the minister will disregard the request of the hon. member for North Battleford.

Hon. L. S. ST. LAURENT (Minister of Justice): I can only say that this article has been referred to the law officers of the department, whose experience in these matters has been long and varied. As yet I have not received any report from them. I am sure they will take note of the hon. member's testimonial to the loyalty of the *Evening Telegram.*

Mr. GRAYDON: I hope the minister is not taking too seriously any suggestion that the law officers of the crown are likely to find anything unpatriotic or disloyal in regard to the *Telegram.* I suggest that the minister should not have been too serious when he spoke of referring the matter to the law officers, having in mind the situation as he knows it to exist.

Item agreed to.

90. Expenses of litigated matters, $25,000.

Mr. GRAYDON: Of what does this item consist? Does it include matters taken to the privy council, and other matters in which the dominion is involved?

Mr. ST. LAURENT: The expenses incurred in litigated matters are usually paid directly by the departments concerned, on taxation of the accounts by the officers of the Department of Justice. But there are some cases where no special department is interested in the litigation, and where the Department of Justice itself has to provide the costs incurred. Such, for instance, might be a reference to the supreme court on a question of general interest to the bench, and to the profession throughout Canada.

Mr. GRAYDON: I am thinking particularly of the case which went to the supreme court by way of reference, in connection with the authority of the wartime prices and trade board to make certain administrative rulings.

Mr. ST. LAURENT: In that case the accounts would be taxed in the Department of Justice, but would be paid directly by the

department concerned. When it is something which concerns a special department of government, the law costs incurred are paid by that department, on accounts taxed by the Department of Justice.

Item agreed to.

91. Annual contribution to the Canadian law library, London, England, $500.

Mr. GRAYDON: Has this item been in the estimates for some time?

Mr. ST. LAURENT: It has been there for a few years, and covers books that their lordships and the lawyers attending before the privy council are apt to require in the course of dealing with Canadian cases. It was formerly under the supervision of Blake and Redden, who were solicitors in London. I do not know just what is being done since the outbreak of war in that connection. However, the item was not fully expended last year. There is no doubt that there will be plenty of occasion for supplementing the library at the disposal of their lordships and the lawyers attending, in connection with Canadian matters.

Item agreed to.

Exchequer Court of Canada—
93. Administration, $36,004.

Mr. GRAYDON: The question of judges' salaries is one which has been discussed before on many occasions, and I do not wish to labour it at this late date in the session. Is there still a provision whereby, upon a judge retiring from the bench, he is entitled after retirement to the regular allowances and salary he received while on the bench?

Mr. ST. LAURENT: That provision exists now only with respect to county court judges. I believe it was in 1920 the act was amended as it applied to supreme court judges. No rights were taken from the judges then on the bench. That is to say, the new provision contained an arrangement whereby, when they retired, they could take either the pension to which they were entitled under the old law, or that to which they would be entitled under the new law. Under the old law there were certain conditions under which judges could retire with the full amount of salary to which they were entitled. Under the new law the maximum is sixty-six and two-thirds per cent. But there are some cases where a judge may still retire and get more than sixty-six and two-thirds per cent of his present salary, because he is entitled to the amount of his salary at the time the new act came into force. Not very long ago there was a chief justice in receipt of a salary of $10,000 who, upon retirement, was entitled to $8,000 instead of $6,666, because, when the new law came into force, his salary was $8,000.

Mr. GRAYDON: Without attempting to resurrect an age-old controversy, if I may so describe it, as far as judges' salaries are concerned, I would say that particularly at this time I believe it is the duty of the opposition to raise this question, and to place it squarely before the government. My point is this. In view of the position taken by the Minister of Finance, one which has been taken almost irrevocably this session, and also having in mind the position taken by some provinces and not by others with respect to the payment of old age pensions in Canada, it does not seem either equitable or just to have a situation existing such as that described by the minister with respect to a few—and I have in mind old age pensions for judges, because they get them until they die—and at the same time find that the government still declines to call a conference and have some uniform increase of pension and lowering of age at which pensions can be paid to that deserving body of citizens, the old folks in Canada.

I desire to go no farther to-night in the matter, but I must point out to the minister that the contrast is brought clearly to one's mind when an estimate of this kind is before us. While this is not within the jurisdiction of the minister whose estimates are now before the committee, nevertheless, if parliament stands for one thing more than for another, it is for the hearing and remedying of grievances for the whole country. It seems to me that parliament is not justified in passing an item of this kind unless—

Mr. ST. LAURENT: Well, Mr. Chairman—

Mr. GRAYDON: Well, now, all right; I know the minister is going to say that in so far as—

Mr. ST. LAURENT: But there is no vote here, no appropriation. Everything paid in respect of pensions is paid by virtue of statutes which came into force before this parliament was elected. There is no vote here for pensions to judges.

Mr. GRAYDON: I do not think that affects my argument, because judges' salaries are paid; and upon judges' salaries—

Mr. ST. LAURENT: No; there is no vote for judges' salaries.

Mr. GRAYDON: May I ask the chairman this question? We have passed item after item on which we find the statutory mark.

Now, whether it may be by statute or by estimate, I am not prevented in this committee from discussing a matter so important, and which shows such a vivid contrast between one section of our country and another. If the minister or the government takes the position that I am not permitted to contrast a situation between one class of our people and another class, then I challenge the right of the government and the right of the committee to deny me this opportunity to speak.

Mr. ST. LAURENT: Well—

Mr. GRAYDON: The minister has had his say, and he may have it again after I have finished. But I must point out that this is a matter which is considered very seriously by many people in Canada. There are many hon. members in the house who, if they would express themselves freely, would agree with me that this situation is not a comparable one. It is a contrast in the treatment of one class of citizens as opposed to the treatment of another class. If we expect a new order to come when this war is over, surely we must prepare for that new order. I do not think you can prepare for it unless grievances and differences such as this are pointed out from time to time. When I say that I do not cast any reflection upon the vote or upon the statutory provisions being made for these people, but I do say that if we are going to make provisions for one section and class of our citizens we have a perfect right to ask this parliament, and I think this parliament ought to be asked before it rises this session, to cure the difficulties and the grievances which the old people of Canada have with respect to old age pensions. I think this is a matter which must come before this committee eventually, and I bring it up now on account of the differentiation which seems to be existing here.

Mr. ST. LAURENT: I was not attempting to prevent the leader of the opposition from making a speech; I simply wanted to point out that there is nothing for judges' pensions or for judges' salaries in the estimates in the Department of Justice. There is an item in the estimates of the Minister of Finance which deals with old age pensions and which will afford a full opportunity of discussing the matter. These are statutory items which are a charge on the consolidated revenue. They appear in the estimates for the information of hon. members. They are not required to be voted at any session, and they could not be taken from those to whom they are payable by statute without an amending statute.

Mr. GRAYDON: With great deference to the minister I submit that when a statutory item appears in the estimates and which is germane to the departmental work, we have a perfect right to relate our observations to it.

Mr. CHURCH: There used to be two judges in the exchequer court, and I was wondering if the work of this court has decreased on account of the war. Then there is the admiralty branch with divisions throughout the country. What number of cases has been tried as compared with before the war?

Mr. ST. LAURENT: I have not the statistics as to the cases, but I may say that expropriation cases have increased considerably in number since the beginning of the war on account of the acquisition of so much real property for war projects.

Item agreed to.

95. Payments of gratuities to the widows or to any dependent children, of judges who die while in office, $15,000.

Mr. CHURCH: I should like to call the attention of the Attorney General of Canada to the fact that a bill has been brought before this house for the past three or four years having to do with the functions of the judges of this country. The judges of the supreme court and county court are under the jurisdiction of the attorney general and the Minister of Justice, jointly with the provinces. Part of the work is provincial, but the appointments are federal. We are voting $2,040,600 for judges' salaries, the particulars of which will be found on page 92 of the estimates. I repeat that there has been a bill brought before this house each session for the past five years to provide that judges shall not be allowed to leave their judicial duties in order to do outside executive work.

There has been a great increase in the number of commissions appointed, and high court judges, supreme court judges and county court judges in Ontario have been taken from their judicial duties during the terms of court. This has seriously interfered wtih the administration of justice. In connection with county court work in the county of York there used to be three judges, but now there are eight or nine. Some of these might be termed "blackout" judges. Some of these judges are doing rental work, while others are acting on various commissions. The result is that they have to go down to the county of Peel, or to the county of Dufferin, or down east to the county of Ontario and bring judges up to Toronto to do some of the work these other judges have been appointed to do.

I say the policy is all wrong. These judges should not leave the bench to act on commissions and usurp the powers and functions

of parliament. These judges are asked to conduct royal commissions appointed under the federal inquiries act or under the provincial inquiries act. For many months a judge has been conducting an inquiry into a school in Toronto, and another judge has had to be brought in to do this work. Last session the minister said that during the recess he would give consideration to the matters set out in this private bill. In the trial division of the high court of Ontario they have twelve judges, and it is well known that some of them are not able to perform their duties. They are all good men; but that is not the point; the point is that when a judge is not available the cases must be put over.

I believe the number of cases in court have declined on account of the war. The minister, along with the attorneys general of the provinces, should lay down some conditions and terms to govern the conduct of the business of our courts. I realize that the administration is a provincial matter, but there should be some joint relations between the federal and provincial authorities along the lines I have stated. The leader of the opposition is a lawyer, and he can tell you how this seriously interferes with the administration of justice. Cases are put over from the assizes and many times the accused must be detained in custody.

Mr. GRAYDON: In the early stages of this session I asked for some information with respect to deferred or delayed or reserved judgments. I believe on that occasion the minister said that this was a matter which the provinces would normally handle rather than the Department of Justice. I would deal with this matter at much greater length were it not for the fact that the session is fast drawing to a close, but I wish to say that I regard some of the instances with respect to reserve judgments as nothing short of a national scandal. This is a situation which this government and the Department of Justice ought to take some powers to remedy. I do not know whether the provinces are operating in such a way as to be able to control the situation; but when a judge who is in normal health and who may not have a great deal of work to do leaves a litigant in an uncertain position for a year, if it went any longer than that it would be very difficult from the point of view of those who were suing and those who were being sued.

I have been making some inquiries. I do not wish to make charges against any specific judge; but there have been cases such as the hon. member for Trinity cited when this matter was under debate in the house before, where a judge had delayed judgment so long in a particular case that first of all the opposing counsel died before judgment was delivered; then the plaintiff passed away, then the defendant, and finally the judge died, the only one left in the case being the hon. member for Trinity who was acting as counsel for one side. Such cases are not frequent, I admit, throughout Canada, but there are just enough cases of prolonged reserved judgments to bring the judiciary in some parts of the country into disrepute. That is the reason for my rising.

A month or so ago a farmer came in to see me. He had heard that I had said something in the house about reserved judgments, and he asked me, "Would you think thirteen years was long enough for a judge to make up his mind and give a judgment? I had a case that was tried in 1930, and while it was not a very important case it was important to me, but a judgment has not yet been handed down." I did think that thirteen years was a long period for the normal working of a judge's mind, and I bring this matter to the attention of the Minister of Justice to prevent a scandalous situation from arising. To be frank, I think there is no excuse for a judge who is attempting to carry out his duties faithfully in war time to reserve judgment for an extraordinary length of time. The legal profession has a duty with respect to that, but lawyers generally are so anxious to please the judges that they do not press them too much. I am not interested in pleasing any judges in Canada; I think it is our duty in parliament to mention this matter, and then I am going to leave it with the minister to consider during the recess whether some check-up can be made in cases where there are inequities and injustices to litigants as a result of long delayed reserved judgments. Some kind of penalty should be imposed on judges who are not doing their duty in this respect. I am not so sure but that one penalty that would bring a recalcitrant judge to time would be this, that if a certain length of time had passed without judgment being given, the case be reheard and the costs on both sides and the court costs be borne personally by the judge. Something must be done to penalize the judge who does not discharge his duties within a reasonable time. If a member of parliament leaves a letter unanswered for a week and a half he is in trouble and perhaps a cabinet minister is in trouble if he leaves a letter unanswered for a couple of days. He may be subject to press comment and even a public indignation meeting if he persists in such conduct, but so far as judges are concerned they seem to have a

certain privilege which personally I do not think they should have, because just as much responsibility rests upon a judge as upon any other of our citizens.

Having said that, I wish to add that in the main we have a judiciary which is beyond reproach. I think we are very fortunate in that respect, and it is only for the purpose of perfecting that splendid system we now have that I ask the minister to evolve during the recess some plan by which we shall be able to satisfy a group of litigants in Canada who are very much dissatisfied with this feature of the present system.

Mr. ST. LAURENT: I must say a word in reply to the leader of the opposition, because I cannot let the public remain under the impression that the Department of Justice is failing in its duty because judgments are not handed down as rapidly as they should be handed down. The federal government has no jurisdiction in that matter. Judges are appointed for life and can be removed only on a joint address of both houses of parliament. The administration of justice is a provincial matter, and property and civil rights are also within provincial control.

Mr. GRAYDON: I was not condemning the minister.

Mr. ST. LAURENT: No; but the impression that would be gathered from the speech of the leader of the opposition would be that this government was derelict in its duty in not having judgments rendered promptly by all the members of the judiciary. I have been in office for something over a year and a half, and in that time only two specific instances have been brought to my attention. In an extreme case, of course, I could bring the matter before parliament, but in both these instances I could do nothing but communicate with the chief justice of the court of which the judge was a member, point out to him how detrimental it was to the respect of the community for the administration of justice to have such delays occur and ask him to point out to the judge in question that he was doing a serious disservice to the people of Canada by thus bringing some discredit upon our judicial system. In both instances the chief justice replied to me fully appreciating the viewpoint I had expressed and told me that he had brought the matter forcibly to the notice of his colleague. In one instance, only to-day, I wrote to a litigant who had written to me on July 17 with respect to something about which he had written me earlier, in March. In March I had taken the matter up with the chief justice of the court concerned, who had discussed it with his colleague, who was then on circuit, and his colleague had promised that upon completing his circuit he would immediately consider the case very carefully and hoped to hand down a decision by the end of June. I passed this information on to the litigant, and on July 17 I received a letter from him that June 30 had gone by and no judgment had been handed down yet. I communicated again with the chief justice.

Mr. GRAYDON: When was the case tried?

Mr. ST. LAURENT: Considerably over a year and a half before. If it had been only a matter of a few weeks I would not have intervened.

Mr. GRAYDON: Was the judge sick in the meantime?

Mr. ST. LAURENT: No; the judge explained that he had thought it would be in the interests of the parties—there were two lawsuits, and the defendant in the one case was the plaintiff in the other—if he allowed some time to go by before he disposed of the cases. It so happened that the judgments were handed down on the very day on which the litigant wrote me his last letter. When I wrote to the chief justice I got back a letter from him saying that the judgments had been handed down that very day. So that only to-day I had to pass that information on to the litigant and say that we had done our best.

Mr. GRAYDON: You had got results.

Mr. ST. LAURENT: We do get results. If litigants would bring cases to the attention of the Minister of Justice, although he has no power to do anything unless it becomes a situation where he could bring the matter before parliament, his intervention with the chief justice of the court concerned will bring results. I invite the lawyer members of this house, when they have knowledge of such delays, which are talked about and which become gossip in the locality where the litigants reside, to bring the matter to the attention of the department. I am not so much concerned with the immediate service they will be rendering the parties in the case as I am concerned with the respect of the people generally for the administration of justice, and the bringing of the concrete facts in these matters, so that they can be dealt with as concrete facts, to the knowledge of the department will be rendering the public generally a service. I may add that I never fail in any of these letters to say that this is something which each

session is brought up in the house, and that the time will come when names will be pronounced in the house, if there is no improvement in the situation, and that it would be to almost the everlasting discredit of any member of the bench to have him complained about by name in a debate of this kind.

Mr. GRAYDON: I fancy that this will meet the situation, if it receives sufficient publicity throughout the country, that the Minister of Justice is prepared, in the case of a long delayed and reserved judgment, to take that sort of action. I think it will meet the situation I have described in at least ninety per cent of the cases.

Mr. ST. LAURENT: I think it will.

As to the question of the hon. member for Broadview, I also deplore the necessity during these critical times of having to invite some members of the bench to take on other duties. But I was expecting—perhaps I was too hopeful—that with respect to the situation in Ontario I might be complimented to-night, because I am rather proud of what has been taking place with respect to the high courts of Ontario over the last few months, and I have received from a number of members of the profession flattering letters as to the excellency of some of the recent appointments to the bench and the splendid way in which those appointees are carrying on their judicial duties.

Mr. GRAYDON: That must not be regarded as a reflection on the old appointees, who are also, some of them, very good.

Mr. ST. LAURENT: Quite, but there are some weaknesses.

Mr. GRAYDON: Of course that occurs in governments just as it does on the bench.

Mr. ST. LAURENT: It occurs everywhere. There were only twelve apostles, and one of them did not appear to be so good.

Mr. GRAYDON: The percentage in some governments is usually higher than that.

Mr. ST. LAURENT: The hon. member for Broadview was complaining about the possible postponement of some of the assizes in Ontario. There is no high court trial judge of Ontario engaged upon any commission work, nor has there been, to my knowledge, since I came into this office. There is room for improvement in most of the courts of Canada, and there is a serious impediment in the constitutional provision of the British North America Act, that unless a situation becomes such that you appoint a committee and have that committee find a judge incompetent, he cannot be removed. Unfortunately, there are throughout Canada in various places some judges who have performed excellent service in the past but have reached an age when their services are much less valuable to the country than they were, and where younger men appointed in their place would be much more effective than such judges are proving to be at this time. That also is something which has been discussed a great many times in this chamber, and with respect to which no proper or convenient solution has been reached.

Mr. MacINNIS: On various occasions when these Department of Justice items were before this committee I have tried to get some information with regard to this item. I must confess that I have never been satisfied with the information I have been able to get. I wish to ask the minister three or four questions in regard to this item. First, I should like to know how much was paid out last year and to whom. Second, is a payment under this amount made to the same person or persons more than once? Third, what factors determine the granting and the amount of a gratuity? Fourth, is any investigation made as to the necessity of paying a gratuity?

Mr. ST. LAURENT: This item is to provide a fund out of which there may be paid by order of the governor in council a gratuity equal to two months' salary to the widow or other dependents of a judge at the time of his demise. It is not an annual or repeated gratuity; it is one amount, not exceeding two months' salary.

Mr. MacINNIS: I have a fairly good idea as to what the item is. What I wish to know is, what are the factors which determine whether a gratuity is paid or not? Is the gratuity paid regardless of the economic circumstances of the widow or family concerned? As a matter of fact I consider it is class legislation.

Mr. ST. LAURENT: Oh, no.

Mr. MacINNIS: I do not see any reason why the widow of a judge should be singled out for a gratuity any more than the widow of a fireman or a miner or a longshoreman. I do not know just how much is paid. Taking the $15,000 which is in the estimate, and the same amount appears each year, it is sufficient to provide, at the current rate of the old age pension, pensions for a whole year for sixty-two people, and before the old age pensioners would get it they would have to be paupers. Is any investigation made as to the necessity of granting a gratuity? If there is not, why is it granted?

Mr. ST. LAURENT: The hon. member says that this is class legislation. It is class legislation just as there is class legislation

providing for every member of the civil service. When there is no pension a gratuity is provided as a rule for the widow or the dependents of every member of the civil service. I believe that originally the provision was for dependents who found themselves in such circumstances that it was very difficult for them to provide for the funeral expenses and the cost of the clothing used in mourning on the death of the head of the family. Since I came to the department, no case has been submitted where the officers of the department have not prepared a recommendation to council for the payment to the widow or other dependent of the deceased judge of an amount equal to two months' salary. According to the report of the auditor general at page 129, the amount expended in 1942 out of the $15,000 was $7,166.66.

Mr. MacINNIS: The minister says that this is similar to the amount paid to civil servants who are not covered by insurance or some other form of protection. I understand that all civil servants can and do come under the Civil Service Superannuation Act and that they provide for themselves in that way. Before these items have been disposed of, we shall have a discussion about provision for people who are in very needy circumstances, and I simply wish to prepare the government for the fact that if we can find money for payments of this kind, then there are a great number of very needy people, needy widows, whose husbands did not receive salaries as high as those of judges, who will get nothing when the head of the family passes.

Mr. CHURCH: Bill No. 105 relates to the judges of Canada, and I would point out that they are federal as well as provincial officers. It proposes that these judges shall fulfil the functions for which they have been appointed and not go on commissions.

The CHAIRMAN: Order. The item under discussion has to do with gratuities to widows or dependents of judges. The bill which the hon. member is discussing is not relevant.

Mr. CHURCH: I was dealing with the $2,000,000 item when I was interrupted.

Mr. ST. LAURENT: I must call attention to the fact that the item of $2,040,600 was not called and does not need to be called.

The CHAIRMAN: I must ask the hon. member to abide by my ruling.

Mr. CHURCH: Your ruling is correct, Mr. Chairman. I just wish to point out one fact, namely, that these judges who are leaving their judicial duties and going on commissions are interfering extensively with the administration of their courts—

Some hon. MEMBERS: Order.

Mr. CHURCH: —and in the second place, that when the judges are appointed they are supposed to follow the decisions of the privy council or the court of last resort, and they do not do this. They have to take an oath of office but they are not following those decisions. Last year I called attention to both these matters. There are one or two judges who appear to follow the decisions of the privy council or the court of last resort, and they ought to, because they are bound by those decisions. I would ask the minister to look into this matter. The judges are federal officers, but they are provincial officers as well. They are sworn to do their duty, and they are not doing that duty when they fail to follow the decisions of the privy council or the court of last resort. I want to find out what the minister proposes to do about it.

Mr. ST. LAURENT: If the minister proposed to do anything about it, he would have first of all to have the British North America Act amended, and he does not propose at this time to suggest any other amendment than the one that was dealt with in the resolution recently passed by the house.

Mr. CHURCH: We are getting to the stage they have reached in the United States. There, if a man becomes a lawyer, the next day, after he is called to the bar, he is called judge, because if he is not a judge to-day he hopes to be a judge to-morrow. I suggest that some survey should be made and that there should be some coordination of the work in Ontario and in the other provinces throughout Canada.

Item agreed to.

Penitentiaries branch—

96. Branch administration, $116,113.

Mr. NICHOLSON: In 1936 a commission was set up to investigate the penal system of Canada and it submitted eighty-eight recommendations. Would the minister make some statement as to what was done about their report. I quote from the report:

3. There should be a complete reorganization of the headquarters administration of Canadian penitentiaries to include giving effect to the recommendations in this report as to the retirement of certain officers.

4. A prison commission, composed of three members, removable only for cause, should be appointed with full authority over the management of penitentiaries, empowered to appoint

staff, and to act as a central parole board. The commission should be responsible directly to the Minister of Justice and to parliament.

6. A planned reconstruction of the personnel of the penitentiary staffs throughout Canada should be effected in order that officers who have special training will be enlisted in the service.

14. There should be a thorough and complete revision of the penitentiary rules and regulations based on the principles contained in this report, with special regard to:

(a) the protection of society;
(b) the safe custody of inmates;
(c) strict but humane discipline;
(d) reformation and rehabilitation of prisoners.

16. A complete revision of the methods of classification of prisoners should be made, with provision for a thorough medical and psychiatric examination of prisoners.

19. Separate institutions, based on the principles of the English Borstal system, should be established to permit of special treatment being given to young offenders between sixteen and twenty-one years of age. There should also be a classification centre and three grades in each unit, each grade to be separately located and not contiguous to another. Two units should be established at once, one in the province of Ontario, and one in the province of Quebec, with a further development of the scheme in the prairie provinces, the martime provinces, and, in a modified manner having regard to the population, in British Columbia.

33. Provision should be made for more outdoor physical exercise, on the principles suggested in chapter VIII of this report, with recreational games permitted according to the age and classification of prisoners. Further provision should be made on the same principles for more indoor recreation.

37. A complete reorganization of the educational system should be made in accordance with the recommendations contained in chapter VIII of this report, with special consideration for the young offenders, more frequent library privileges, and a simplified system of book distribution.

62. The interest of the public should be enlisted in an organized manner, having regard to the vital importance of the prevention of crime by reducing juvenile delinquency, and the assistance of social service agencies and churches and schools in cooperation with the home should be organized to this end.

Thousands of children across Canada are permitted to roam the streets without adequate provision being made for their healthful recreation. Hon. members will observe that this item costs the taxpayers over $3,000,000. Some mention was made of provision for old age pensions, and the Minister of Finance is asking for just about $31,000,000 to provide for the 180,000 old age pensioners of the country.

Mr. ST. LAURENT: Is this matter of old age pensions going to be discussed on each item of my estimates? I wonder if there has been any rumour of what is being prepared by the Minister of Finance to form a part of his statement when his estimates are called. It would seem as if there were considerable anxiety to get this on the record before the Minister of Finance gets into the house. I must object to the matter of old age pensions being discussed on this item, which has to do with penitentiaries.

Mr. NICHOLSON: I think the Minister of Justice is the one who should be called to order for rising to make a speech saying what the Minister of Finance is going to do. I merely compared the appropriation now before the committee with an item which will come up later on, and I wish to suggest that the spending of more than $3,000,000 of the money of the taxpayers of this country in connection with our penal institutions involves a very large sum of money. I believe this house should give consideration to the recommendations that were brought in by the royal commission, which was composed of eminent Canadians. The chairman of that commission was Mr. Justice Archambault, of the superior court of Quebec, and the other members were Mr. R. W. Craig of Winnipeg and Mr. Harry Anderson of Toronto. Unfortunately Mr. Anderson, who had been a student of criminology for many years, died before he was able to participate in the work of this commission, but his place was taken by another eminent Canadian, Mr. J. C. McRuer, and a very large sum of money was spent in connection with the work of this commission. I believe the commissioners are to be congratulated upon having made such a careful study of this important question. The minister might have allowed me to finish my remarks without getting so excited and making a speech in regard to what is to be done with the old age pensioners. The commission made reference to a statement by the lord chief justice of England, Lord Hewart of Bury, when he was addressing a discharged prisoners' aid society in England, in 1936. He said:

It would be grotesque and silly to imagine that the duty society owes to them is completed when imprisonment is ended. It is then that the real struggle begins. How often have I heard it said of men and women that their real punishment begins on the day they go out of prison.

When you think of the number in prison who might very well not be there and of the number outside who might very well be in, there is no great difficulty in ascertaining the kind of duty which society owes to those who are unfortunate to be inside. I often wonder when I see prisoners in the dock or in a penal establishment, whether the people outside the prison are really worth the sacrifice which they compel the people in prison to make.

No doubt prison with all its appalling faults is necessary until we can find a better substitute. But at least society does owe to those unfortunate persons—some are no doubt wicked—but all are unfortunate—the duty of helping them as far as may be.

Then in the recommendations the commission said:

The interest of the public should be enlisted in an organized manner, having regard to the vital importance of the prevention of crime by reducing juvenile delinquency, and the assistance of social service agencies and churches and schools in cooperation with the home should be organized to this end.

It was also recommended that special efforts should be made in connection with rehabilitation. There is one matter which was not discussed by the commission but which I think is timely now, when we have a very large population in our penitentiaries. Many of these are able-bodied men and women, but to-day they are not making the contribution they might make. It is in their interests that Hitler should be defeated and that the united nations should have the benefit of every ounce of energy that can be thrown into the conflict. I submit that if the recommendations of the royal commission had been acted upon, the penitentiaries of Canada would be organized to-day in such a way that the man-power now going to waste in those institutions might be devoted to some useful purpose. I should like the minister to make some comment with regard to the recommendations which were brought down by that commission.

Mr. ST. LAURENT: With respect to the report of the penitentiaries commission I must repeat what I said when the estimates were before the house last year. It will not be possible for me to take the responsibility of recommending the expenditure required to implement this report while this country is at war. The recommendations which do not involve large expenditures of money have been vey carefully considered, and most of them have been implemented to the degree to which that could be done without large expenditures of money. Again I have to come back to the British North America Act. Most of these high-minded gentlemen who talk about reforming the man who is so unfortunate as to be sentenced to some period of detention overlook the fact that ninety-five per cent of those condemned to detention are in no way under the jurisdiction of the Department of Justice or any other federal department. They are serving sentences of less than twenty-four months in the common gaols, of which there are a great many throughout the country. The Department of Justice has no jurisdiction over them other than to recommend to his excellency, in appropriate cases, some degree of clemency. To carry out the social schemes or projects that are put forward by high-minded, public-spirited citizens would require a system under which the control of the gaols and penitentiaries would be under one authority. That does not exist and cannot be brought about under the British North America Act.

Mr. NICHOLSON: I am not satisfied with the explanation the minister has given. Would he be good enough to tell the committee how many people are in our penitentiaries now, and what provision is being made so that those confined in these institutions may make some useful contribution to the war effort?

Mr. ST. LAURENT: The value of the production of penitentiary labour has more than doubled in the last two years, and a constant effort is being made to increase further the economic value of the work performed in the penitentiaries. All those who are connected with the administration of the penitentiaries realize, as I do, that merely employing the men so that their time passes must have a depressing moral effect upon those so employed, and it has been our constant endeavour to have them produce something which would give some tangible result for the manual labour performed. Prior to the war there was serious objection from labour unions and industry generally to allowing articles produced in the penitentiaries to come into competition with the products of free labour. Since the shortage of man-power has arisen, however, and since there has grown up such a large demand by departments of this government for various manufactured articles, we have found that without clashing with the labour unions or private industry we can make use of everything that can be produced in the penitentiaries.

As I say, there has been an increase of more than 100 per cent in the dollar value of the articles produced. In 1942-43 the value of the production of the penitentiaries, over and above that which was consumed in the institutions themselves, amounted to $382,008.20, of which $102,099.10 went into things we were able to do for the military forces. There has been a satisfactory decline in the population of the penitentiaries since the beginning of the war. At the present time that population is 2,980, while in 1938 the average was 3,618; in 1940, 3,736; 1940-41, 3,654; 1941-42, 3,380; 1942-43, 2,980, compared to a penitentiary and prison population of something like 75,000.

Mr. NICHOLSON: So far as I can see, these figures are not the least bit impressive. Here we have 2,980 men who are each making a contribution of something over $100. The taxpayers of this country are spending over $3,000,000 to maintain these institutions. There is a very serious shortage of man-power all across Canada, and I think something could be done to have the inmates of these institutions make contributions greater than the amount the minister has stated. If it is double what it is last year, that would make the situation all the more serious a year ago.

Mr. ST. LAURENT: I am not at all satisfied with the results which have been obtained, although they are 100 per cent greater than heretofore. In addition to that, there was agricultural produce valued at $167,884. That, again, is not as much as it should be, in my opinion, with that amount of man-power available, and the area of agricultural land under cultivation. However, there is a substantial increase. Both in the agricultural and in the industrial fields there have been encouraging increases, and this year we are obtaining a revolving fund of some $200,000 for the purchase of raw materials which will enter into goods of various kinds ordered by the Department of Munitions and Supply for the military forces. There is a considerable increase there, and we will not have any excuse for not increasing it further, because at the present time we are not in any way clashing with private industry.

Item agreed to.

Penitentiaries branch—

97. Operation and maintenance of penitentiaries, including administration, construction, purchase of land, supplies, equipment and live stock; maintenance and discharge and transfer of convicts; compensation to discharged convicts permanently disabled while in penitentiaries, $2,914,779.

Mr. REID: There is a matter I should like to draw to the minister's attention in connection with the penitentiary at New Westminster. This penitentiary was established many years ago when coastal development was in its infancy. In those days it was not visualized that the New Westminster and Vancouver areas would have developed to such a great extent. The result has been that to-day we find the penitentiary almost in the centre of a modern city. The penitentiary at New Westminster divides the city in two. I am informed that from time to time reports have been made with regard to the location of that penitentiary, and in days past there was a recommendation that a new location should be found for it. To-day the main thoroughfare passes it, and since there is a total of only something like 130 acres in connection with the institution, it is difficult at times to keep the men gainfully or usefully employed in the grounds, owing to the fact that those grounds have been worked over for many long years.

I believe the time is now opportune for a survey for a new location. Will the minister be good enough to undertake such a survey, having in mind the purpose of finding a new location, so that at the end of hostilities under, shall we say, a rehabilitation scheme, a new site may be developed. It is very easy at the present time to obtain 500 or 1,000 acres of land close to transportation facilities, areas which to my mind would be far more suitable for penitentiary purposes than the present site.

I have been given to understand that the city of New Westminster would be glad to enter into an arrangement with the penitentiaries authorities or the dominion government in connection with this land, because, if vacated by the penitentiary, it would make a valuable piece of residential property. The present site of the penitentiary is not a proper one, because it is encircled by the city of New Westminster, and divides that city in two. I would ask the minister to give serious consideration to a survey, so that, following cessation of hostilities, a new penitentiary might be built on a new site.

Mr. ST. LAURENT: As early as 1878 reports were placed on the files of the department pointing out that a mistake had been made in the selection of that site. The matter has been referred to at various times since then, and was again given serious consideration in 1920. In 1923 various sites were considered by the late superintendent General Hughes, with a view to establishing another penitentiary for British Columbia. Since then, the matter has been referred to from time to time in reports to the minister. Our officers are of the opinion that it was not a proper site, and that it is not suitable for many reasons, and among them are those stated by the hon. member. It is in the heart of the city of New Westminster, and the area is not large enough to permit of the agricultural work it is deemed advisable to have done by persons confined in the institution. Certainly at an early date this matter will have to be given serious consideration with a view to finding another site.

There is, of course, the fact to be considered that the buildings on the site have a book value of about $808,000, and an expenditure of more than that amount would be required to

provide elsewhere the penitentiary accommodation which we must have. However, I can assure the hon. member that the matter cannot long remain without a change being made.

Item agreed to.

Royal Canadian Mounted Police—
318. Land services, arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $6,009,545.67.

Mr. SHAW: A few days ago, when we were discussing certain estimates with respect to the Royal Canadian Mounted Police, many members made some fine comments with respect to this famouns force. I shall not go over the things that were said then, but I wish to associate myself with those remarks. I am particularly concerned about one aspect of this item, the pay question. It is true that not long ago increases were authorized for certain ranks, and I know these were appreciated, but we must also recognize the fact that, since these increases were granted, the rate of taxation has increased materially. I am of opinion that some of these men are in a more difficult position to-day than they were prior to the increase.

This matter was brought forcibly to my mind not long ago when a constable who has been with the Royal Canadian Mounted Police for approximately twelve years showed me his pay cheque. The amount of the cheque was $82.50, with taxation deductions at the source of $30, leaving a cash income of $52.50 for the month. I realize that certain allowances in the way of uniforms and billeting are made in the case of the single constable, but I wondered how we could expect a constable of the Royal Canadian Mounted Police, who is not permitted to engage in any other type of remunerative work, to carry on his duties when his net cash income for the month is only $52.50. We expect these men to be the personification of honesty, and I am not saying that they are not, but when you leave a constable with a net income of that amount you are developing a feeling in him that he would probably like to commit an infraction of the regulations and engage in some work during his spare time to supplement that $52.50.

The minister stated the other night that, while there is a ceiling on wages, we should not permit that to stand in the way when a situation such as this develops. When we consider the allowances granted to these men the salary may appear to be quite substantial, but we still cannot get around the fact that we are leaving them, members of the permanent force, single uniformed constables, with a cash income of $52.50 a month. It is not proper, and I think further consideration should be given to this matter.

Item agreed to.

Royal Canadian Mounted Police—
Pensions and other benefits—
320. To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty, $11,749.16.

Mr. GRAYDON: This is one item that is worth while being included.

Item agreed to.

SECRETARY OF STATE

Office of the chief electoral officer—
34. Salaries and expenses of office, $16,692.

Mr. GRAYDON: May I ask a question which no doubt the minister expected to be asked at this time, in connection with the Cartier by-election. Is the returning officer of that electoral district still being retained, or has there been any removal from office?

Hon. N. A. McLARTY (Secretary of State): There has been no removal. There is no evidence against him under the elections act upon which he could properly be removed. The only suggestion against him is that after he was appointed returning officer in 1938, his uncle decided to run for the constituency in 1943. The assistant chief electoral officer is there in a supervisory capacity.

Mr. GRAYDON: The returning officer has not seen fit to resign himself?

Mr. McLARTY: No; he has not, and I do not think there is any obligation upon him to do so. There is no criticism of him. In the two instances that came to his attention he acted immediately.

Mr. GRAYDON: It is just a question of public confidence, and I am raising it only on that basis.

Item agreed to.

Civil service commission—
35. Salaries and contingencies of the commission, $458,404.

Mr. GRAYDON: Has anything been done by the government toward appointing a commission or committee to take the place of the Coon advisory committee, whose report seems to have been buried so deeply in the affairs of state during the last few months?

Mr. McLARTY: That committee was appointed by the treasury board and I am afraid I have no information which would enable me to answer the question.

Mr. GRAYDON: Has the minister or his department in contemplation the setting up of a committee to deal with civil service matters, having in mind the situation which was dealt with by the Coon committee earlier in the year?

Mr. McLARTY: No steps have been taken along that line up to the present time.

Mr. GRAYDON: Does the minister expect that there will be any taken?

Mr. McLARTY: I would not want to anticipate, because that would be a matter to take up with treasury board.

Item agreed to.

Public printing and stationery—

254. Distribution of official documents, $48,015.

Mr. GRAYDON: Would it be possible to meet the convenience of members of the house by an earlier printing of the bound volume of *Hansard*? I do no want to press the minister with regard to this on account of the pressure of work on the printing bureau at the present time, but perhaps he would bear it in mind because members are anxious to have the revised edition and index as soon as they can. There might also be a little more speed with respect to the printing of the statutes, which is an even more important matter. It seems a long time to members after they get home before the statutes are finally bound and available.

Mr. McLARTY: I shall be very glad to take the matter up, and if there is any possibility of expediting publication of both *Hansard* and the statutes, I shall endeavour to see that it is done.

Mr. DOUGLAS (Weyburn): Has the government reduced the number of "Canada Year Books" that are printed. A number of people who are in the habit of purchasing the volume each year have written me that they are unable to get it.

Mr. McLARTY: Yes; the economy control took charge and the number printed was reduced.

Mr. DOUGLAS (Weyburn): On what basis are they distributed? Is it first come first served?

Mr. McLARTY: Certain public officials get them and there is a distribution to certain departments. If there are any left over, it is pretty much a matter of selling them on application.

Item agreed to.

Public printing and stationery—

255. Printing and binding official publications for sale and distribution to departments and the public, $50,000.

Mr. GRAYDON: Does the government get the cost in all these cases?

Mr. McLARTY: Not necessarily. The *Canada Gazette* until this year carried itself pretty well, and, generally speaking, the government does get the cost. It is charged up to a particular department if it is departmental printing. *Hansard,* except for sales to the public, would not carry itself.

Item agreed to.

325. Naturalization branch, $64,460.

Mr. McLARTY: I should like to make a brief statement in connection with this item. When the war appropriation estimates of the Secretary of State were before the committee, the hon. member for Rosetown-Biggar raised the point as to whether a naturalized Canadian leaving Canada for the United States and taking his first papers in that country lost his Canadian citizenship. At the time I had not read the exact terms of the declaration of intention which he is required to take, but since then I have. He does not renounce his allegiance to the British crown. It simply says that as and when his final papers are granted he will. Consequently there is no loss of Canadian citizenship until the final papers are granted.

Mr. HLYNKA: Would it be possible for the minister to bring about a change in the requirements for naturalization with respect to the language qualification? It may seem strange to suggest that anyone who speaks neither English nor French should ask for a naturalization certificate, but a great many thousands of our people—I brought this to the attention of the Prime Minister on one occasion—came here from various countries of Europe twenty-five, thirty, forty or fifty years ago, and starting in as pioneers made Canada their home. That is particularly true of the western provinces. We have there people of Ukrainian, Polish, German and other origins. Wherever these people have settled in blocks it was impossible for them to learn the English language, because they never came into contact with the English-speaking people. Surely any pioneer who has lived here for twenty years or more and has a son or grandson in our armed forces in this war should be accepted as a citizen of this country and be granted a naturalization certificate if he applies. I receive tens of letters weekly

from people in western Canada of various origins who have not had an opportunity to learn the English language and who were refused naturalization certificates when they applied, because of language qualification. Later, when they apply for old age pension—and some of them really need that assistance—they are refused it because they do not possess a naturalization certificate. I would appeal to the minister to consider this feature of the naturalization requirements with a view to bringing about some change, perhaps stipulating a knowledge of some other language, or some other requirement, so that these people who have settled as pioneers on the prairie provinces may be eligible for Canadian citizenship. I say that in all seriousness, because it seems unfair that these people who have devoted their lives in the upbuilding of this country should be refused naturalization certificates and, in consequence, some of them be refused the old age pension. I appeal to the minister to give this matter serious consideration.

Mr. McLARTY: I shall be very glad to do so, but may I make a practical suggestion to the hon. member for Vegreville? As he knows, naturalization is one of the subjects considered by the committee on the defence of Canada regulations, which has not yet brought in its final report. It might be opportune for the hon. member to submit that matter to the committee for consideration at its next sitting.

Item agreed to.

Mr. CRERAR: Before we proceed with the next item I beg to move, seconded by Mr. Mackenzie (Vancouver Centre), that the house do not adjourn at eleven o'clock. I have spoken to the leaders of the other groups and they are agreeable to this motion.

Motion agreed to.

DEPARTMENT OF TRADE AND COMMERCE

348. Dominion bureau of statistics—Statistics, $1,078,515.

Mr. ISNOR: I desire on this item to bring to the attention of the minister a number of, shall I say, complaints which have reached me from retail merchants, not only in Halifax city and throughout the province of Nova Scotia but in other portions of the maritimes. In peace time there would not be the criticism which I propose to offer, but on account of reduced staffs in retail stores, particularly so far as office help is concerned, merchants find it exceedingly difficult, not only to meet the requirements of this branch of the government, in compiling returns at the end of each month, but to make the further returns which are required by the wartime prices and trade board at the end of each month, with respect to the amount of stock they have on hand, the sales they have made, and a large number of other items, which mean additional bookkeeping. More than one merchant has told me that it takes practically the entire time of one clerk or other member of his office staff to prepare the necessary returns which are required by three branches of government. I refer to the bureau of statistics, as regards returns for their particular records, the wartime prices and trade board at the end of each month, and the income tax office in connection with the same items, namely, the amount of stock which they have on hand at the beginning of the year, the quantity of purchases made for each month and for the entire twelve months, the gross profit, the estimated cost of the goods, and the net profit. All these items must be supplied by each and every individual making his return to the income tax office, and in addition he is obliged at the end of each month to make returns covering not all but a number of these items. Further than that, there is the monthly return to the dominion bureau of statistics with regard to trade matters.

Within the last two weeks the wartime prices and trade board sent out a form compelling merchants to give a survey of their business for the years 1939, 1940, 1941 and 1942, covering a large number of items. It is not so much the firms with up-to-date methods of bookkeeping as it is the large number of small merchants who are finding it exceedingly difficult to meet the requirements of these government bureaux in this respect. I could place on record the type of form which is required. Perhaps it is a good thing to have the statistics on file to advise merchants from month to month as to increases or decreases in the particular section of the country where they are doing business, in comparison with the rest of Canada. But I would point out that returns should be simplified in every way possible, and I base that contention largely on the fact that man-power at this time is extremely scarce, and that additional restrictions affecting retail staffs have recently been brought into effect by selective service. I ask the minister to give consideration to the elimination of at least two of these forms and the bringing of returns under one heading in as simplified a form as possible. Since I have already gone over some phases of this matter with the minister and some of his officials, I do not need to enlarge further upon it.

For instance, the monthly return—and this is every month—calls for the following information from every retailer: net sales, inventory of merchandise beginning the first of the period; merchandise purchased for the month or for that period; net cost of merchandise handled; inventory of merchandise at the end of the stated period; net cost of merchandise sold and gross trading profit.

To be quite frank, I do not see what gross profit or net profit means to the bureau of statistics, because that particular information should not be of very much concern to them. I appreciate why it is of interest to the income tax office, because it is on that return that the retailers must pay their taxes; but this could be eliminated to a marked extent and thus make it a little easier for the retail merchant to carry on in a manner in keeping with present conditions

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I can quite sympathize with the hon. member for Halifax (Mr. Isnor) because personally I have had practical experience in connection with the point he raises. However, the difficulty is particularly marked at the present time, much more so than in peace time. I am informed that the complaints in times of peace are very moderate. This situation has been greatly aggravated by the war and by the necessity of securing increased information during this period. A good deal of criticism is made of the bureau of statistics, but on the bureau of statistics has been placed during the war the responsibility of collecting information which is not generally collected for the benefit of various branches of the government. The wartime prices and trade board use the bureau of statistics to a great extent for securing the statistics which they regard as vital to their work. I shall bring to the attention of my officials the comments made by the hon. member.

Mr. ISNOR: So far as the records of the bureau of statistics or of the wartime prices and trade board are concerned, of what benefit is the last item, namely, net profit made by the merchant?

Mr. MacKINNON (Edmonton West): That information is required by another branch of government. I am not sure of the special reason why they want to know the net profit made, except that it is necessary for the general information they require on the financial state of the merchants of the country.

Item agreed to.

DEPARTMENT OF LABOUR

101. Combines Investigation Act, $30,250.

Mr. MacNICOL: I am sorry to have to discuss at this stage of the session the matter I have in hand, but so far there has been no other item under which I could bring it up earlier. It has to do with the effect of an alleged combine upon the employment of a gentleman in Toronto, Mr. Robert Stuart. On August 1 of last year, as reported at page 5176 of *Hansard*, I made reference to this matter. At that time I stated that this gentleman was an experienced salesman of electrical equipment; that he had been employed by several electrical companies one after the other, each of which had sought his services; but that in due course, owing to what he alleges was a combination of these companies to control sales territories and sales, his services were dispensed with, and he alleges that the companies agreed not to reemploy him. On hearing the information I gave at that time, the minister said that the matter would be looked into and that, if the facts were found to be as claimed by Mr. Stuart, an investigation would be held. It appears that on August 18, 1942, Colonel the Hon. W. H. Price, ex-attorney general of Ontario, acting as solicitor for Mr. Robert Stuart, wrote the minister a letter which I feel I should read:

The Hon. Humphrey Mitchell,
Minister of Labour,
Ottawa, Canada.

Dear Mr. Mitchell:

On August 1st, 1942, in the House of Commons when item 102 "Combines Investigation Act, $45,475," was going through committee, Mr. John R. MacNicol, M.P., brought to your attention a case of a gentleman, "R.S." I am attaching *Hansard* page 5176 which sets out what happened. The gentleman referred to was Robert Stuart, of 1 Brandon avenue, Toronto. Mr. Stuart has asked me to draft for him a declaration covering the facts of his case. I am enclosing that declaration, so that you will have it before you for consideration.

Mr. Stuart has been placed in a very bad position on account of the discrimination practised against him. He is a man now fifty years of age, and cannot get new types of employment readily. On a number of occasions he has made complaints to the companies involved, and I believe has brought the matter to the attention of the authorities. You will agree that a man like Mr. Stuart is not financially able to attack large companies who have discriminated against him. On that account the matter has dragged along without him getting any redress. Probably under these circumstances, with these facts before you, you will be able to investigate his case in such a way as not only to give him redress, but improve the situation which apparently still exists. He knows that he cannot get employment where

he had it before, notwithstanding that he was successful as a salesman, and in great demand. There should be a remedy for a situation of this kind.

Enclosed with the letter was an affidavit which I shall not take time to read, since the Minister has a copy of it, giving the names of the various companies and setting out the various facts which Mr. Stuart claims to have information and affidavits to prove. I shall read just the last paragraph of this affidavit:

The above information has come to me from various sources in my capacity as a salesman, and I now say that this combination of companies are a combine to fix prices and eliminate competition. In carrying out this plan they agreed not to employ me, and they did not employ me because it would interfere with their plans. I have suffered very greatly on this account, as these companies cover the whole range of my sales efforts. They are practically the only companies in Ontario from whom I can receive employment. I therefore request that the Department of Labour take such steps as will enable me to obtain employment and at the same time put an end to the electrical ring.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath, and by virtue of The Canada Evidence Act.

To that letter and affidavit the minister replied, under date of September 9, 1942:

Dear Colonel Price:

I have had careful inquiries made into the subject matter of your letter of August 18 and the declaration of Mr. Robert Stuart which you enclosed.

It appears that Mr. Stuart's submissions relate in the main to his past connections with certain electrical equipment companies. Remedy for the personal injury alleged would appear to be a matter of civil law. This, you will understand, is not a matter which can be considered under the Combines Investigation Act.

In addition, Mr. Stuart makes certain allegations with respect to the operations of certain companies engaged in the sale of transformers. The transactions which he describes are said to have occurred a number of years ago. The electrical supply industry is now subject to the control of the wartime prices and trade board, and the sale and supplying of transformers and related goods are, by order, under the direct supervision of the administrator of electrical apparatus and machinery. There does not appear to be ground for proceeding now with investigation under the Combines Investigation Act into these alleged transactions of a period in which the circumstances differed so greatly from those now prevailing.

I have a word to say in reference to that. I know this gentleman. He is a highly reputable and excellent citizen. The affidavit signed by him, and prepared by his legal adviser evidently reveals a situation in which he is barred from obtaining employment. That, of course, is wholly and manifestly unfair, and, in my judgment, an infraction of the man's rights.

Investigations made recently in the United States before a senate committee reveal that a large number of companies in that country have been carrying on under a combination. The lines covered by those various combinations include companies manufacturing magnesium metal, and materials made from it, zinc, rubber, gasoline, electrical equipment, plastics, dye stuffs, tungsten, carbide and some others. The one to which I am referring particularly is electrical equipment.

After a most exhaustive investigation into these various combines, the assistant attorney general for the United States appeared before the senate committee and made this statement:

Mr. Arnold: I appear before this committee to present a bill to correct those pressing patent abuses which have so disastrously affected our war effort. Through these abuses a vital segment of American economy has been strait-jacketed into a foreign cartel system, and the free flow of strategic materials vital for war and for internal security has been impeded and delayed.

This committee has a peculiar responsibility —it has investigated the patent system at a time when it was never more important that we have full and unhampered production and that American business be entirely free of either old or prospective commitments to cartels.

The assistant attorney general asked for prohibition of combines of that kind. I am asking the minister again to read carefully Colonel Price's letter of August 18, and Mr. Stuart's affidavit which came with it. If the minister has not a copy, I shall send him this one. I would ask him then to read his own reply. Then I would suggest that he send an investigator to Toronto, to see Mr. Robert Stuart, and obtain from him proof of his statements in the affidavit. If the minister's investigator finds that those charges are substantiated, then I suggest that the minister have some action taken to see that this man gets fair play. He is entitled to it, as a British citizen.

Hon. HUMPHREY MITCHELL (Minister of Labour): I shall be glad to do that.

Item agreed to.

102. Fair wages and conciliation, $134,702.

Mr. GRAYDON: There is one matter I wish to bring to the attention of the minister. I should have liked to have more opportunity to go into it more comprehensively, but perhaps my purpose will be served if I leave with the minister the suggestion that he go into the matter and see if something cannot be

done to rectify what would seem to be a grievance held by Montreal aircraft lodge No. 712 of the international association of machinists. The minister will recognize the situation I describe. It has to do with three Montreal aircraft companies, namely, Vickers, Fairchild and Noorduyn. This is a union which represents a large number of employees in those three aircraft plants. During last year and into this spring the whole matter of the levelling out of wage scale in the aircraft industry in Montreal and in other areas has been under consideration. This union is one which can be recognized as a good example of an association of employees which is trying to play ball with the men they represent, with the government and with the public. That is no reflection upon other unions, because, after all, I think that, if one takes them by and large, he will find that the labour unions of Canada are prepared to play ball, not only just as well as other sections of our country but in some cases, if I may say so, just a little better. I believe in this particular instance the minister will realize at once what the officers of this union had to go through until this spring, when their case finally was heard by the new national war labour board.

It was not an easy thing to avert some action by employees in these plants, but they did hold off a strike, or other precipitate action, on the understanding that their waiting until the decision was given by the national war labour board would not be prejudicial to their case. However, in bringing down its decision, the national war labour board was unable, under the terms of the reference, or on account of its jurisdiction, to make an award which could operate retroactively. This placed the union and its officials in a difficult position, and one which those belonging to the union find it difficult to understand.

At the same time it seemed unfair to my mind to penalize the union by virtue of the fact that retroactivity was not possible under the ruling of the national war labour board. I do not intend this evening to enter into any lengthy discussion, but I wish only to leave with the minister the suggestion that he investigate this situation and, if possible, make the award retroactive to the time negotiations were commenced, or when the complaint was first laid.

The minister may say that he cannot do that, in view of existing legislation. I would ask him to review the situation with respect to the legislation, and if he finds it is impossible to do anything with existing machinery, to consider seriously the question of providing machinery by which a remedy could be effected. I shall leave this matter with the minister for his consideration. I should have liked to discuss it in greater detail, but the lateness of the session, and of the hour, does not permit my entering into any lengthy discourse on the merits of the case. I should like the minister to undertake an investigation of this and to see if some remedy and perhaps some restoration cannot be brought about.

Mr. MITCHELL: I have been in close touch with this organization in Montreal, namely, lodge No. 712. I came in contact with it when I was chairman of the industrial disputes inquiry commission, and I think the union itself will admit that we made a distinct contribution to the working of that organization in Montreal. It must be remembered that they are not a low-paid category.

Mr. GRAYDON: They are not paid the existing rates in a similar industry.

Mr. MITCHELL: Their rates are as high as the railway rates.

Mr. GRAYDON: They are not paid as high as those paid by Canadian Car and Foundry.

Mr. MITCHELL: They are, but I am not arguing that point. I appreciate my hon. friend's interest in this matter. The national war labour board, under the chairmanship of Mr. Justice McTague, were generous in the adjudication of this dispute. A request was made officially to me for an amending order which would permit the establishment of the maximum bonus in the aeroplane industry in Montreal. The total amount to be payable over a twelve month period was estimated to be $7,500,000. When I was chairman of the national war labour board I felt that that board should recommend and adjudicate on matters of wages brought before it by labour organizations and employers. I think myself it would be unwise—my hon. friend will understand—for the government to interfere in the affairs of the board which in my judgment are rendering a distinct service to the working people and employers of this country.

Mr. GRAYDON: The minister must have heard me wrongly; I suggested no such thing.

Mr. MITCHELL: I understood that.

Mr. GRAYDON: I understand that the decision of the war labour board was that it should only go that far; that the legislation under which it operated prevented it from going any farther.

Mr. BLACKMORE: If I gathered aright the meaning of the minister's words, the government has passed a set of regulations under which the board is unable to do what it should do with respect to this dispute. The board, under the government's regulations, goes as far as it can, and the government feels it should not interfere in the decision of the board. That seems to me to be establishing a most astonishing situation. That is the sort of thing which indicates insincerity with the men, and I think something should be done about it. I am not satisfied with the minister's explanation.

Item agreed to.

103. Industrial Disputes Investigation Act, $63,200.

Mr. BLACKMORE: I do not wish to enter into any extended discussion on this matter, but I believe that the treatment which has been accorded to our labouring men who have acted in good faith will not be conducive to happy relations between the government and labour. This is a serious matter.

Mr. MacNICOL: Earlier in the session I expressed sympathy for the hard-working Minister of Labour in the multiplicity of troubles he has to unravel. At that time I said that I wished I could do something to help him. Since then, I have given this matter a good deal of thought and I am going to make a suggestion. Everyone knows that industrial peace is most desirable in peace time, and certainly it is most desirable in time of war. I have always been one who believed that labour should receive a fair return; that the conditions under which labour worked should be of the highest. On the other hand, I have always advocated that the employer should also receive fair consideration. At the present time we are having a number of industrial disputes. We have the Industrial Disputes Investigation Act and the industrial disputes inquiry commission to defend the interests of labour. In times of peace these have given good satisfaction, but the question now is whether their procedure is speedy enough. I have always felt, in all my dealings with men, that we should follow the biblical phrase:

Agree with thine adversary quickly, whiles thou art in the way with him.

I have always thought that the quicker an industrial dispute could be settled, the better, and I question whether the Industrial Disputes Investigation Act and the industrial disputes inquiry commission can give rapid enough action. I was wondering if the minister or the governor in council would consider the appointment of one or more royal commissioners. These would need to be men with many years of legal experience in labour disputes. There are lawyers in this country who have spent many years in studying and adjusting labour problems, men who have come up from the ranks and who have equipped themselves with a thorough knowledge of labour. I would suggest that such a man should be a lawyer with at least ten years' experience at the bar in order that he be steadied down and have some stability and knowledge of how to deal with labouring men and companies from experience when there is friction between the two. I am going to ask the minister to consider this matter, because I believe this would offer means of settling industrial disputes immediately. The industrial disputes royal commissioner could be sent from his own department; he would be a permanent official, and could assist in settling the dispute immediately. It is imperative that the least possible amount of labour be lost through disputes.

Mr. MacINNIS: I am fairly well acquainted with the background of these disputes, because I went over them quite recently. I did not raise the matter to-night, because I did not think it would be proper under the item we are discussing. As a matter of fact, I do not think it properly comes under the estimates that are before us to-night, except possibly that a question of this kind might be considered under Department of Labour administration. However, I am not going to continue the debate, except to say that it has been a habit with the Department of Labour to continue over a long period the adjudication of industrial disputes. I could mention half a dozen or more disputes that went on for months and probably years but since the national war labour board was set up there has been considerable improvement. In this particular case, however, I believe that an injustice has been done and that some means should be provided whereby such injustices could be rectified. I do not think it is a matter that the minister can do himself. It would only lead to endless trouble if the minister undertook to interfere and make decisions on his own. The proper procedure for the department, if the machinery is not working properly, is to set up machinery that will work properly, and the minister would act only when the matter was brought to his attention either in or out of the house. I am satisfied that these workers should have received their settlement to a date farther back than was set.

Mr. BLACKMORE: Could the minister assure the committee that the problems of which the labouring people concerned complain in a pamphlet called "Crisis in Steel" prepared by C. H. Millard, have been taken care of so that they are on their way to being cleared up? I have read the pamphlet with considerable care, and although I do not wish to go into the matter at this late stage, I believe that it is the duty of this committee to have an assurance from the minister that the difficulties discussed in the pamphlet are being cleared up.

Before the minister makes any reply, I might point out that this is one of the problems which I had in mind when I said some time ago that I feared this house was going to leave its duties and go home before it had done the things it should do here. I think the hon. member for Davenport spoke wisely when he spoke of the danger of creating friction between the government and labour at this time. We seem to be succeeding very well in the war, but let us never forget for a moment that we can lose this war and lose it disastrously if we provoke labouring men in this country to action which they might justifiably consider they were entitled to take in their own self-defence.

I do not believe the government has played square with labour in the past year. I believe the government has been insincere; I believe it has betrayed labour in more cases than one. I am just going to ask the minister now if he can assure the committee that the matters complained of in this pamphlet are being looked after and that a solution of the problem is honestly and earnestly and sincerely being sought.

Mr. MITCHELL: I assure my hon. friend that the matter is being looked into and that it is being honestly and earnestly and sincerely looked into. I have read the pamphlet he speaks of and have also had conferences with the organization concerned, but I think my hon. friend will agree with me that while this is a perfectly free forum, it is not always the best place to settle industrial disputes. If my hon. friends are ever fortunate enough or unfortunate enough to lead a ministry in this country and my hon. friend becomes Minister of Labour, I am sure he will appreciate that the difficulties and complexities of industrial disputes vary greatly; they do not run in one pattern.

I do not wish to take up further time of the committee, so that I will say just briefly that the organization we are continually developing for the settling of industrial disputes has developed, I think every unbiased observer will agree, to a stage where it can hardly be compared with the organization we had three years ago. After all is said and done the national war labour board and the regional boards are experimental in character and like all human institutions they are not perfect. But many of the people who criticize the instruments we are using at the moment I feel sure, when the war is over, will be the very ones who will demand their retention because now there is a place for labour to go to where there was not one before. We have dealt with over 16,000 applications with respect to wages and bonus in the past year through our regional and national war labour boards.

My hon. friend may rest assured that the conference I had with the steel workers was a satisfactory one and that steps are being taken by their organization to make the necessary representations to the national war labour board with respect to their claims. But I do not think it serves any good purpose in the cause of settling industrial disputes to suggest insincerity. I do not think that is good for the country. I believe that the record of this country in handling labour disputes in comparison with others of the united nations reflects credit upon Canada in a big way. There are some exceptions, of course; but, generally speaking, I believe that it reflects credit not only upon the employees but upon the employers of this country. In 1917, when we had a much smaller industrial structure than we have to-day, there were two and a half times as many labour disputes. In 1937, in peace time, there were more man hours lost than there were last year. While labour disputes always make the newspaper headlines, very little is said of the day by day work of the conciliation service of the Department of Labour working in conjunction with the respective provincial departments in ironing out industrial disputes in this precarious and difficult time.

Mr. BLACKMORE: I appreciate the minister's frankness and also his statement that the House of Commons is probably not the best place to settle labour disputes. But I think the minister will grant that it is the inescapable duty of any responsible member of parliament, when he sees abuses or what he deems to be abuses to bring them before the high court of parliament.

Mr. MITCHELL: Certainly.

Mr. BLACKMORE: And I am quite sure that the minister will grant that I am only discharging what I deem to be my duty as a member of parliament.

Item agreed to.

Unemployment Insurance Act, 1940—
106. Administration, $5,375,150.

Mr. GILLIS: There are a few words I wish to say on the administration of the Unemployment Insurance Act, with particular reference to men coming out of the army. It is not working out as I, at least, thought it would. Until a few days ago I was of opinion that the contribution of the man who served in the armed forces was paid by the government, and that when he came back and went into an insurable employment, if he met with unemployment, he was covered by the act. I find that I was wrong in that assumption, and I have two specific cases with which to support that statement.

In a little booklet put out by the unemployment insurance administration from their office, it says, in section 7, with reference to men serving in the armed forces, that any period spent in the armed forces since July 1, 1941, will count for benefit, "if you establish that you had within one year from discharge ninety days of insurable employment." That is the joker. The two cases to which I refer are those of two men who were discharged from the army, came back, and went into employment in two coal mines which had a disaster. They were not out of the army and employed long enough to work the ninety days called for by the act, having been thrown out of employment by something which was, of course, unforeseen; nevertheless their claim is held up, and while the ordinary employee of these collieries immediately after the accident happened came under the Unemployment Insurance Act for benefit, the two ex-servicemen, by virtue of that particular clause, did not. Their claims went to the board of referees, and they received a decision from the board that because they had not had ninety days in insurable employment they did not qualify for benefit. I bring that to the minister's attention, because it is something which will have to be ironed out. I see a lot of trouble ahead for men in the forces who may run into that kind of situation on account of not having had sufficient time in an insurable employment.

Mr. MACKENZIE (Vancouver Centre): How long had they worked?

Mr. GILLIS: Less than ninety days. One had worked, I believe, thirty days, and the other a little less.

There is something else in connection with the Unemployment Insurance Act which I should like to leave with the minister. I am merely going to provoke his thoughts on these two some of the offices in action. I think they are doing a good job with the staffs they have. These offices were originally set up to carry the unemployment insurance business, and they have inherited the job of selective service; in addition to that, many of them are carrying on the welfare work as applied to men discharged from the army. They are bearing a load which they are not staffed to carry, and steps should be taken to see that these offices are adequately staffed. My observation in going into many of them—and I have been in quite a few, because I do not miss a chance at checking up on them, because I visualize the machinery now set up as permanent machinery which will play an important part in rehabilitation after the war—leads me to think that many of them are being set up on the assumption that they are functioning simply for war purposes. I consider that is wrong. That may not be the intention of the minister or his deputy, but the whole thing seems to be operating on that basis. These offices should be adequately staffed.

Second, many of the men who are carrying that load in the offices and working a sixteen-hour day, although they have been employed there for the past two years and in some cases two and a half years, are still temporary em-points. I refer now to the offices. I have seen ployees as far as the civil service is concerned. It is not a pleasant position for the man who is handling a job of this kind, taking a lot of responsibility, and certainly not receiving wages commensurate with the responsibility of the job, to be also in an insecure position, practically waiting for someone to replace him. Many of the men to whom I have talked take the attitude, "It looks to me as though I am just doing the job while it is rough and tough, on the temporary payroll, and that as soon as the war is over, the returned men will get the preference and the chances are I shall be bumped into the street." That is not a satisfactory position for a man who is doing an important job and laying down important machinery. These men should be appointed permanent employees; they should at least be given the protection which affords them some stability, so that they will know where they stand and where they will be within the next few years. Also I think the staff should be increased. There are many complaints, but as far as the offices I have been in are concerned I do not hold the personnel responsible. There are not enough employees. In the matter of the welfare officers the Minister of Pensions and National Health, I suggest, should push his department to see that in every important

unemployment insurance centre a welfare officer is installed. There is quite a load involved in the rehabilitation end. So that the three matters which I should like the minister to check up on are: first, the feature of unemployment insurance which militates against the ex-serviceman, so that the system does not work out as it was intended to; second, permanency of employment for men engaged in the unemployment insurance offices; third, in adequate staff in these offices, so that the system will be built up permanently.

Mr. MITCHELL: I thank my hon. friend for bringing these matters to my attention. As a matter of fact, his first suggestion is news to me, and will doubtless be of interest to the Minister of Pensions and National Health.

I have already had discussions on the question of staff. I was in one of the largest cities in Canada the other day, where 20,000 men pass through the offices in a week—almost a division and a half. I said to the regional director, "Supposing you had to deal with 50,000 men, as you might have to do if the war should end to-morrow, or suddenly." I am trying to take the long view of it, that, whatever government is in power in this country at the conclusion of the war, in my judgment there will be set in motion social services of a kind and character which I believe all hon. members think should be instituted in this dominion, and what we are endeavouring to do is to build a machine which will take that load.

What my hon. friend says about the hard work which is being undertaken by these local employees of the selective service is true. It is also true of the headquarters staff. I sometimes wonder how they have been able to maintain it without a break-down in the last twelve months. A tremendous load has been placed on this organization, and when all is said and done it is a question of organization. What I hope we shall get out of this is a trained corps of experts to deal with the problems of the working men and women of this country. Of course that will take time.

As regards the question of permanency, that, of course, is governed by a general policy in all departments. No permanent officials are appointed to the civil service during the war period.

On the question of salaries, I can assure my hon. friend that I do not regard this as my fault; that I have pressed the civil service commission and other agencies of government charged with that responsibility, in an effort to build up what I consider a proper basis of remuneration for people working in this department. I should like to pay them tribute. I know that to wear the soldier's uniform is a glorious thing, but let us remember that numbers of these people are working sixteen hours nearly every day in the week so as to get this machinery which we have set in motion in the best possible working order. I hope that when the war is over, whoever is Minister of Labour will have an organization which will be prepared to take the load of what I consider necessary social insurance when this time rolls around.

Mr. REID: May I make one suggestion to the Minister of Labour regarding the unemployment insurance offices? Canada is becoming a great industrial organization; the workers are moving onward to that better day, and as one who has examined some of the offices, might I say that I find, regarding the men appointed to many of the offices, too much stress has been placed on office experience as a prerequisite of appointment? I say this—and I say it in no disparaging sense—that if the minister himself were not Minister of Labour, he might find it difficult to obtain a position in one of the unemployment insurance offices, because, when his application was submitted, they would look at the office experience he had had. I suggest that in this country we are drifting to the same state that exists in Great Britain where there is a caste system. Not long ago the civil service in this city thought the educational qualifications of the men were a little too low and so they brought in some men with M.A. and B.A. after their names; but if you look around the city and ask where those men are, you will find that many of them are the biggest duds that ever were appointed. I am not against education. Far from it; the race from which I have sprung has always laid emphasis on the importance of education. But I am more for the practical man, and you will find that in the British House of Commons this very question was discussed not long ago. It may startle many hon. members to know what a labour man in the House of Commons there had to say on this question. Let me quote:

> "As a result of the inefficient and undemocratic system now prevailing", Brown said, "the chance of a boy of 'inferior education' of getting to the top grades in our public service are literally non-existent. A man's educational 'marks' follow him through his career and it is very fortunate that the Prime Minister did not get into the service. His educational qualifications would have kept him in obscurity all his life."
>
> Mr. Churchill, who was educated at Harrow, one of England's best schools, was "a bad student" and his "educational qualifications very low", Brown declared, adding: "Take Lord Beaverbrook. Like Churchill he could not have

passed better than a clerical examination. Yet he is, obviously, a man of amazing drive and capacity and even had he got into the civil service he would have been chucked out."

I have visited many offices and know men who have received appointments, and I can say that many of them have never worked in a factory in their lives. They may be qualified in other ways, but I do not think they are qualified to talk to practical men such as coal miners and mechanics. The Prime Minister has taken an interest in labour men in this country, and I urge upon him that it is not necessary that men should have long lists of degrees before they can obtain positions in any of these offices. What is important is that men with greater practical experience, who have sympathy with the men that come before them, should be appointed. I do not mean, of course, that the men in the offices have no sympathy, but I emphasize the importance of that point. The Minister of Labour is a true labour man, and he has an opportunity to see that more practical men from the factories are given positions in these offices.

Mr. BLACKMORE: The two examples brought forward by the hon. member for Cape Breton South bring to my mind a great many thoughts in regard to returned men. I wonder if the Minister of Pensions and National Health would tell the committee whether or not precautions are taken as rapidly as possible to see that such injustices to returned men are rendered impossible. It seems to me that to make returned men ineligible for the benefits of unemployment insurance because they were in the king's uniform instead of being in the ranks of labour is nothing but a blot on our whole way of doing things. Could we have some word from the minister of pensions or the Minister of Labour in this regard? I am astonished that we should have allowed to develop in the country a set of circumstances under which men are discriminated against as were the two to whom the hon. member for Cape Breton South referred. Can the minister of pensions tell the committee what precautions are taken to ensure that this does not happen?

Mr. MACKENZIE (Vancouver Centre): I shall be glad to discuss that in detail tomorrow when my estimates are up.

Mr. GRAYDON: With respect to the unemployment insurance vote, as I understand it, the offices of the unemployment insurance organization form the nucleus for the national selective service. I endorse at least that part of the speech which I heard of the hon. member for New Westminster. I was just coming into the chamber as he was progressing with his argument. One of the grave difficulties; one of the great complaints that come to me and other hon. members of the house, is with regard to the quality of the personnel, in some instances, chosen by the government in connection with national selective service and unemployment insurance work. It is not fair to make a blanket criticism of all local offices of the organization, but it is important to bear this in mind. If ever there were a place where people of the right type were required to handle work of this description, it is in the offices of the unemployment insurance or the national selective service, because I am convinced that either success or failure depends largely upon the relations that are created between, on the one hand, employer or employee and, on the other hand, the general public. Too much care cannot be exercised by the government in the choice of these men. One fault I find with the government is that all this matter of national selective service, coupled as it is with unemployment insurance offices, started far too late as far as the war effort is concerned. One of the difficulties that the minister now has is to find the right men. Men are not as easy to find as they were at one time. As the hon. member for New Westminster will readily admit, the minister is having difficulty in getting the right type of men for the local offices and the general organization. It is not sufficient for the minister to say that he is having a good deal of trouble on that score because the government's policy, framed as it was, has made it impossible to get the men who normally should have been got at an earlier stage.

I simply rose to endorse the principles laid down by the hon. member for New Westminster. The complaint that is made is that too often the wrong people are attempting to carry on this work throughout Canada. It has been one of the blots on the whole situation in connection with these offices throughout the dominion. Returns have been brought down which show, if one reads between the lines, the difficulty which the minister is having, and it is a difficulty which he need not blame upon misfortune or chance, because the government of which he is a member must, in my opinion, take responsibility for the fact that the work was started far too late and that too little was done in the earlier stages in connection with both national selective service and the organization of these offices which have to do with that end of the work.

I conclude my remarks by saying to the minister that there is much to be desired with regard to the whole question of local offices as far as these organizations go.

Mr. MITCHELL: I thank the hon. member for New Westminster for the suggestion he has made. There is a great deal to be said in favour of it. I agree with him, and in the last six or seven months we have been taking greater cognizance of the aspect of the problem which he has mentioned.

May I say to the leader of the opposition that unfortunately many of the men we should like to get are in the armed services, and the government cannot be blamed for that.

Mr. GRAYDON: I do blame the government in this way, that national selective service started too late. That is the root of the whole trouble.

Mr. MITCHELL: I have made some study of unemployment insurance in Great Britain for many years. I do not say that in any boastful way. When they started in Britain they took in only seven or eight trades. We established our unemployment insurance system in 1941, and I think it was the best and biggest organization job ever done in this country. I believe it will compare favourably with what has been done in any country in the world, in the speed with which the organization was set up and in the way in which it has functioned; I think that statement will meet the approval of impartial observers anywhere. Of course we started on a much larger scale, in conformity with the size of the country, than they did in Britain.

Let me say this, as I have said in other places. People are not fence posts or bottles of milk. You cannot push them around; they are human beings. While engineers and people of that kind have done magnificent things in a material sense, the engineering of men and women is a much more difficult problem than the engineering of material things. As I said earlier, what we hope to get out of this on the whole is an organization of what I might call experts in the engineering of men and women, because, after all, it is only chance that the fellow who is on this side of the desk in an unemployment insurance office is not on the other side of the desk, asking for a job. I think I can say that in the long run we have to sell service to the people of Canada, who are responsible for the creation of this organization.

Mr. BLACKMORE: I, too, believe that the hon. member for New Westminster did well to bring this matter to the attention of the committee. I have had the feeling also that altogether too much attention has been paid to academic qualifications and certain rules and regulations, and not nearly enough to the stuff of which the individual concerned is made. I should like to commend the minister if he is causing more attention to be paid the human element, and not so much to the question of educational qualifications.

Mr. MacINNIS: Since we are working overtime, and there is no pay for it, there is no reason why I should not get into this discussion, though I am not going to take very much time. I agree with the minister that the unemployment insurance commission has done a difficult job at least fairly well. In anything I have had to do with the commission, in anything I have taken up with the chairman, the difficulty has been straightened out very quickly, and infinite pains have been taken in doing so. I think we must agree, however, that to find people not only with academic training but with training in dealing with men and women is not an easy task, and we are not going to get those men and women any more easily by reducing the educational qualifications. What we need is not less but more education; then we shall have more people from whom to choose. These difficulties will remain until the people as a whole have acquired a social way of looking at these matters. I only rose to say that in the short time the commission has been functioning and in the abnormal circumstances which have prevailed, I believe a very good job has been done.

Item agreed to.

Unemployment Insurance Act, 1940—

107. **Government contribution to the unemployment insurance fund, $15,000,000.**

Mr. BLACKMORE: How long do we intend to stay on to-night? It is after twelve o'clock now.

The CHAIRMAN: It is only my personal wish, but there are only two or three items left in the Department of Labour, and I thought it might be the desire of the committee to get through with those.

Mr. BLACKMORE: I just wanted to know where we were going; that was all.

Item agreed to.

Resolution reported, read the second time and concurred in.

On motion of Mr. Crerar the house adjourned at 12.10 a.m.

Saturday, July 24, 1943

The house met at eleven o'clock.

THE WAR

PROGRESS OF ALLIED OPERATIONS—PARTICIPATION OF CANADIAN FORCES

Right Hon. W. L. MACKENZIE KING (Prime Minister): Since the statement I made a week ago on the military operations in Sicily, the offensive of the united nations has been intensified on a number of fronts. Our main interest at the moment naturally centres in Sicily, where Canadian forces are engaged. Before touching upon the progress that has since been made in Sicily, a word about the other theatres, in which there had been significant developments, may not be out of place.

In Russia, after sharp fighting and heavy German losses, the nazi summer offensive was quickly halted. In its stead, the Soviet army and air force have developed a powerful offensive against Orel. This strategic centre has been under German control for nearly two years. It is one of the most strongly fortified positions of the central front. The battle for Orel is a dramatic reminder of Russia's share in the total military effort of the united nations.

At the other side of the world, in the southwest Pacific, the present month has seen a sustained attack by Australian and United States forces against Japanese strongholds in New Guinea. In the Solomon islands, the United States forces have advanced northward, and are in fact besieging the main Japanese air base in that area. As more stepping stones are wrested from the Japanese, the offensive will be intensified against all the outlying areas north of Australia now under Japanese control.

In the northern Pacific, the Aleutian area has also seen heavier bombings of Japanese targets by United States and Canadian squadrons. Kiska, the last remaining Japanese outpost, an immediate menace to both Canada and the United States, is being attacked whenever weather conditions are favourable. Until the Japanese are driven out of Kiska, we may expect continued fighting in this area.

In the battle of the Atlantic, the arrangement for increased escorts by sea, and continuous cover by air, which have been in effect for some three months, have more than justified expectations.

Coming to the Mediterranean area, two weeks have now passed since the allied forces landed in Sicily. The second week of the invasion witnessed a continuation of the steady advance of the previous week. Town after town surrendered. Within the week, the number of axis prisoners taken increased to well over 50,000. The allied invasion forces extended their occupation from one-third to more than two-thirds of the island. Throughout, Canada's troops took a foremost part in the fighting. Their skill and determination have called forth the commendation of both General Montgomery and General Alexander.

At the beginning of the week, after joining forces at Enna, which is the hub of communications in central Sicily, Canadian and American formations continued to press north. Yesterday an American armoured division captured Palermo, the historic capital and largest city in Sicily. By the capture of Palermo, and the advances of American and Canadian units, large numbers of axis forces have been trapped in the western half of the island. Northeast of Enna, Canadian units encountered strong German resistance. Other of our forces have been taking part in the eighth army's tightening encirclement of Catania. The fall of Catania, which may be expected at any time, will compel the retreat of the axis forces towards Messina and the mainland of Italy. That retreat will lead inevitably to the occupation of the whole of Sicily.

The allied land advances on the island were supported throughout the week by intense allied air activity over the island and the Italian mainland. In these aerial operations, the Royal Canadian Air Force continued to play an important part. A Royal Canadian Air Force fighter squadron—a self-contained Canadian unit of the middle east forces—is now based on Sicily, and for some days has been operating in support of the forward elements of the allied armies. The hon. member for Vancouver North (Mr. Sinclair) is adjutant of this squadron. There are, as well, in Sicily, many R.C.A.F. personnel not included in this squadron, but attached to R.A.F. units. During the week our bomber units, operating with General Doolittle's force in North Africa, participated in raids on Sicily and on the Italian mainland.

A week ago I referred to the officers and men of the Royal Canadian navy who took part in the landing operations in Sicily. Quite a number of these men are veterans of Dieppe and North Africa. They are still continuing to assist in landing supplies and reinforcements at different ports.

General McNaughton, who has just returned to England from the Mediterranean area, has described the assault upon Sicily as the most perfect example of combined operations in history. This statement is, in part, a merited tribute to the rigorous training and patient waiting of the Canadian forces which have served the longest under General McNaughton's command.

A significant development of the past week in Sicily was the establishment of an allied military government of the occupied territory. General Sir Harold Alexander was appointed military governor. In his first proclamation, General Alexander declared that the purpose of the allies was to deliver the people from the fascist regime, and restore Italy as a land of free people. He ordered the dissolution of all fascist organizations. In this proclamation will be found the basis upon which the allied nations aim to effect the liberation of Europe from Axis aggression, and from fascist domination.

A year ago, when parliament adjourned, the united nations had experienced nearly eight months of reverses and setbacks. This continent was immediately threatened from the west. On the east, enemy U-boats ranged destructively along our coast, and into the gulf and river St. Lawrence. As we leave today for our homes, we will carry with us very different impressions. The tide has definitely turned. Everywhere the forces of freedom have the initiative.

While our fears about its outcome have lessened, the war, in a more immediate way, has been brought closer than ever to us. All arms of our fighting services are now in the thick of the conflict. Our fighting men are certain to continue in action on many fronts, until the enemy has surrendered. No one can say for how long that may be. Our men face a terrible ordeal of battle. Until victory is achieved, above all else, they must command a singleness of purpose in our hearts and minds, and the utmost that our country can give in their support.

OLD AGE PENSIONS

ANNOUNCEMENT OF INCREASE OF MAXIMUM PAYMENT FROM $20 TO $25 A MONTH

Hon. J. L. ILSLEY (Minister of Finance): I wish to make a brief announcement on pensions for the aged and blind.

Early in the war we had a number of representations made, not only in this house but elsewhere, that the $20 maximum monthly pension payable under the Old Age Pension Act was too low under present conditions and should be increased either by adding to it the cost of living bonus or by some flat increase, say, to $25 per month. On November 14, 1941, I made a statement in this house announcing the government's policy in respect to these representations. In particular, I pointed out that there were substantial variations in cost of living and economic conditions as between the various provinces and in public opinion or social outlook amongst the people of the various provinces as to what is a reasonable amount of non-contributory pension to be paid to aged and blind persons; that several provinces were still paying considerably less than the maximum pension allowable under the act, and there was therefore in such provinces considerable leeway for increasing the average pension paid if the province felt it justifiable; and that in view of the colossal burden of war expenditure which the dominion was having to carry whereas the position of the provincial governments had greatly improved as a result of these war expenditures, it seemed only fair and reasonable that those provinces which felt that a higher pension should be paid should themselves pay it out of their own resources. I, therefore, indicated that if any of the provinces desired to supplement the old age pension paid in that province under our act, we would undertake to amend the regulations in such a way as to assure that such supplementary payments made by a province would not entail a reduction in the pension payable under our act.

Following this suggestion, I went on to say:

> Indeed the government is prepared to consider going further than this. It believes, for the reasons already outlined, it would be impossible to justify an increase in the maximum rate of pension payable if the whole cost were to be assumed by the dominion, and that such cases as appear to present immediate difficulties can be met by the provinces on the basis of established individual need. If, nevertheless, all or substantially all the provinces should make representations to the dominion government in favour of some increase in the maximum amount of pension payable, the additional cost to be shared between the dominion and the provinces on the same basis as the present cost, I can assure the committee that the government will be prepared to give consideration to such representations.

This was the substance of the policy I announced on November 14, 1941. Since that announcement was made, six provinces have provided for the payment of supplementary pensions: British Columbia and Alberta pay supplementary pensions of $5 a month; Saskatchewan (beginning July 1) and Manitoba of $1.25 a month; Ontario (beginning July 1) a percentage of the amount of pension

paid; and Nova Scotia (beginning June 1) an amount up to $10 a month, based on the merits of the individual case, with limitation of total income, including allowance, to $365 per year.

These provisional supplementary pensions have gone a long way to help the situation in the provinces in which they are being paid. However, in pursuance of the paragraph of my statement which I have just quoted in full, we have received representations from an increasing number of provinces that the maximum pension payable should be raised, the maximum suggested in most cases being $25. On July 12, I received a letter from a province which brought the total number of provinces making such representations up to eight. Since that time the ninth province has made similar representations.

In view of the unanimity of attitude on the part of the provincial governments which has now been established, the dominion has decided that it should make legal provision for increasing the maximum pension payable under the scheme provided for in the act from $20 to $25 per month. There is not time to submit an amendment to the act in the closing hours of the session. Even if there were, as the whole subject of old age pensions and related matters is being studied by the special committee of the House of Commons on social security, it would probably be desirable to wait until a later stage before a legislative amendment making any permanent changes in the act were proposed. We therefore propose to make the provision which I have mentioned by means of an order in council under the War Measures Act.

This order in council will authorize the dominion to enter into supplementary agreements with the provinces, enabling a special war supplement not exceeding $5 per month to be paid, in addition to the regular pension payable under the act as it stands at present. All the terms and conditions under which the present pensions are payable, including the present sharing of the amount of pensions paid in the ratio of 75 per cent and 25 per cent by the dominion and the provinces respectively, and the provisions regarding maximum total income, will be continued, except for the appropriate adjustment in regard to the provisions of the act covering maximum pension and allowable outside income. In so far as the dominion is concerned, the supplementary war pension need not disturb the supplementary pensions now being paid in several of the provinces; that is entirely a matter for the decision of the provincial governments concerned.

[Mr. Ilsley.]

It is intended that the new provision will come into operation at the earliest practicable date. It will, however, take a few weeks to work out the necessary supplementary agreements with the provinces and to enable the provinces to set up the necessary machinery for handling the payments.

At March 31, 1943, there were 183,601 old age pensioners and 6,374 blind pensioners, or a total of 189,975. If a supplementary war pension of $5 were paid to all such pensioners the total annual cost would be $11,398,500. The dominion's share, on this basis, would be 75 per cent of this, or $8,548,875 in a full year. Actually, however, total cost and the share of the dominion will be less than this, because in a considerable number of cases outside income accruing to the pensioner will not permit the raising of the present pension, at least not by the full amount of $5 per month.

The extra cost to the dominion will, of course, be a charge against the war appropriation.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, may I be permitted to make a remark and perhaps ask the minister a question? He spoke of the percentage increase which the province of Ontario evidently had been granting on its own prior to this time as a supplementary pension. I take it that is what the minister meant.

Mr. ILSLEY: It was effective July 1, I think.

Mr. GRAYDON: Yes, I think that was what the minister said. In his statement the minister mentioned that one province had made representations to the government and then another province had made similar representations until finally representations had been received from nine provinces in all.

Mr. ILSLEY: That is right.

Mr. GRAYDON: But the minister did not indicate which provinces were the eighth and ninth—in other words, the last provinces to make representations on this score.

Mr. ILSLEY: I could give the order in which they made their representations, if it has any relevancy. Prince Edward Island was the last province, but it must be borne in mind that that province has never found itself able to afford very much in the way of old age pensions and they have not been paying an amount anywhere near to the maximum.

Mr. GRAYDON: Which was the eighth province?

Mr. ILSLEY: The province of Quebec.

Mr. G. G. McGEER (Vancouver-Burrard): I have received some correspondence from the province of British Columbia and the province of Nova Scotia. The premier of British Columbia wrote:

In view of the circumstances the provincial government approves not only of a minimum of $30 a month for aged persons but of the lowering of the age limit to take in persons of sixty-five years and over.

The Premier of Nova Scotia wrote me as follows:

This province has already requested the government at Ottawa to increase the amount of old age pensions. In addition we have passed legislation at the present session, which gives the department under which the old age pensions act functions the authority to pay up to $30 per month. This, of course, is entirely dependent on what the federal government is doing or will do.

So that the two provinces on the east and west coasts were definite in the representations for a pension of $30 a month.

Mr. ILSLEY: That is not correct. The province of Nova Scotia did not request the dominion government to authorize a maximum pension of $30, nor does that letter say so. The province of Nova Scotia has authorized a supplemental allowance not exceeding $10 a month, depending upon the merits of the case. It is wholly discretionary with the pension authorities of the province. Their request was for an increase in the maximum under the Old Age Pension Act to $25 a month, and the correspondence has been tabled.

Mr. McGEER: I was only quoting from the letter I received.

Mr. ILSLEY: What I have said is consistent with the letter.

Mr. McGEER: I should like to put the complete letters on the record. The premier of Nova Scotia writes from Halifax, April 9, as follows—

Mr. SPEAKER: At this time such a matter cannot be entertained.

Mr. GRAYDON: May I ask the minister a question by way of clarification. What will this mean for the old age pensioner in Ontario? How much will he or she now receive?

Mr. MacINNIS: On a point of order, Mr. Speaker, as someone will be shut off from discussing this question now, should not the whole discussion be left over until the item in the minister's estimates is reached?

BUTTER

PRINCE EDWARD ISLAND—MARKET AND STORAGE FACILITIES

Hon. T. A. CRERAR (Acting Minister of Agriculture): Yesterday the hon. member for Weyburn (Mr. Douglas) asked a question based on a news report he had seen that a carload of butter shipped from the Morell co-operative creamery in Prince Edward Island to the mainland was returned with the blunt statement, according to the press report, "No market, all storage filled up." It has been impossible to get all the details in the time that has elapsed since yesterday morning, but some of the pertinent facts are known. This creamery may have shipped the butter and it may have been returned, but if so, the creamery company made a mistake in doing so. They were advised late in April that the dairy products board were prepared to accept all butter offered for sale that might not be marketed elsewhere, at prices set out in the order. All that this company had to do was to advise the dairy products board and it would have been directed where to send the butter and would have received 33¾ cents a pound for delivery in the month of July. So far as my information goes I think there was an error or perhaps an oversight on the part of the creamery in shipping the butter in the manner in which they did.

Mr. DOUGLAS (Weyburn): Can the minister say whether the creamery did get in touch with the dairy products board?

Mr. CRERAR: They did not get in touch with the dairy products board, according to the advice given me.

CANADIAN FORCES

INCREASES OF PAY FOR WOMEN'S SERVICES

Hon. J. L. RALSTON (Minister of National Defence): I told the house the other day that I would endeavour to make a statement with regard to the pay of the various women's services in the armed forces. I wish to state that certain increases have been approved with effect July 1, 1943. The basic pay for women will be 80 per cent of that paid men in the armed forces instead of 66⅔ per cent as in the past. Pay for women in all three services will be uniform in the future, and will be increased at the end of four months' and six months' service subject to good conduct and efficiency. That is, pay of the women of the services will start at $1.05 per day and be increased to $1.20 per day at the end of six months' efficient service.

In addition to the increase in rates of pay there will be certain other financial benefits available in future. Women will receive trades pay according to their grouping on the same basis and at the same rates as men. Staff and special duty pay will be on the same basis as in the men's branches of the services. Dependents of women in the services other than husbands and children will be eligible for the same rates of dependents' allowances as the dependents of men. That is, dependent parents or other close relatives may receive the allowance.

In future—this is a point which has had a good deal of discussion both outside and in this house—a woman in the services married to another member of the service will not be debarred from receiving dependents' allowance, with the proviso that the woman's total income including the dependents' allowance is not to exceed $2,100, but that those already in the service who have been married for only a short period or who may marry in the future will not receive dependents' allowance until six months after the marriage date.

In the past it has not been permissible for an officer or man in any of the armed services to have the allowance paid to his wife if she too was serving, although it could be made to a wife employed in a civilian capacity.

The maximum income of $2,100 which I have just mentioned in connection with allowances does not include assigned pay.

The increases at the end of four and six months' good service which I have mentioned are similar to those paid soldiers in the army.

STATEMENT WITH RESPECT TO AGRICULTURAL LEAVE

Hon. J. L. RALSTON (Minister of National Defence): On another matter, Mr. Speaker, I said I hoped to be able to make some announcement. I am not able to make a statement in detail here, but I can give the outlines of an announcement which will be made in the press as soon as the order is completed. It has to do with arrangements which are being made and authority which is being given with respect to assistance in agricultural operations by certain members of the forces.

Provision is being made to provide assistance in agricultural help, first, by way of compassionate leave, which I think I have already explained to the house and which is applicable in individual cases where there is hardship in connection with a particular farm or family; second, by detailing men from certain units or certain formations in the armed services to do work as directed by the Department of Labour. It has been decided to decentralize as far as possible this activity. Complaints have been made, and I know that sometimes they are well founded and sometimes the delay could not have been avoided, with regard to the time taken to have certain applications come to headquarters and be dealt with and then further representations asked for. What we are endeavouring to do is to place this matter in the hands of the general officers commanding in the two commands and in the districts. We feel that, with the experience they have had, it ought to be possible for them to bring to bear judgment as to the general uniform policy of the department and at the same time to give consideration to the needs as they exist, along with the necessity of deciding on the ground as to the exigencies of the service and whether men can be spared. So that the new provision which is being made for detailing men is to be administered by the general officers commanding and the district officers commanding. The provision is that men will be detailed—not given leave, and that they cannot be detailed from training centres: that is a *sina qua non* which we cannot forgo. From the operational units men may be detailed up to ten per cent of the strength of the units, and from depots and other formations outside of training centres the percentage is not necessarily limited to ten per cent, but it is as large a percentage as can be spared. In both cases there is a limitation, of course, that it is subject to the exigencies of the service as may be determined by the general officers commanding or the district officers commanding. The detailing is to be done at the request of the director of the dominion-provincial farm labour committee, and I understand he is representing the Department of Labour. The absence which will be provided for will be thirty days. There will be provision for extension if a case is made and if service conditions permit. Pay will be military service pay and allowances, and arrangements, I think, will be made under which, if the going rate in the particular locality is higher than that, it may be possible for the man to get the benefit of that additional rate. That is now being worked out between the Department of Labour and ourselves.

As I say, a fuller statement will be made in the press as soon as all the details are worked out.

Mr. DOUGLAS (Weyburn): What provision will be made for details that are set aside for this task of helping to take off the crop, with reference to the special clothing—overalls, gloves, boots and that sort of thing? Will they be provided with them or given extra money with which to buy them?

Mr. RALSTON: I assume that if army military stores are available, they will be issued with overalls.

Mr. DOUGLAS (Weyburn): Will the procedure for getting individual leave be the same as before, that application will be made to a man's commanding officer and from there to the district officer commanding?

Mr. RALSTON: To the district officer commanding, not headquarters.

ROYAL CANADIAN AIR FORCE

RECRUITING OF MEN FOR AIRCREW

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): There are a couple of questions which I should like to direct to the government if the Prime Minister does not get ahead of me. One is to the Minister of National Defence for Air. Having in mind the minister's previous warning with respect to the anticipated difficulties of obtaining sufficient men for aircrew, coupled with the allegations made in this week's *Financial Post* that the Canadian air ministry has been battling with army authorities to get priority to enlist category A men for aircrew, will the minister make a statement to the house indicating such changes in the situation as have developed since he last reviewed it for us? I should like also to inquire of the minister as to the steps the government has in mind to avoid this prospective curtailment of the air training programme.

Hon. C. G. POWER (Minister of National Defence for Air): My hon. friend was good enough to give me notice of this question, and perhaps I had better proceed by way of a statement.

In January of this year, as a result of an intensive recruiting campaign carried on last autumn, the R.C.A.F. had a substantial reserve of many thousands of volunteers for aircrew training. These were on leave without pay to be called up later on, or employed in duties other than training for aircrew. In order to permit absorption of this reserve and in order that the period before candidates begin training might not be too long, recruiting for aircrew was not urgently pressed during the months of January and February. During the months of April, May and June there has been a noticeable falling-off in the number of those coming forward for aircrew training. In fact, we have now reached the point where we are obtaining less than half our current monthly requirements. We must state frankly that we are seriously alarmed at the lack of recruits coming forward in a constant stream sufficient to meet our current requirements. In other words, at the present time we are "eating our fat" and not building up any reserve strength. That is the situation. Now, as to the steps being taken—

Mr. GRAYDON: The minister spoke of obtaining "less then half our current monthly requirements." Would he mind telling us just what the monthly requirements are?

Mr. POWER: I am afraid I cannot.

Mr. GRAYDON: That is all right.

Mr. POWER: That, perhaps, would be giving away to the enemy the number of persons whom we propose to train for aircrew during the year, and it would be giving away the battle order.

Mr. GRAYDON: I had in mind that the minister had done it before, but perhaps he had not.

Mr. POWER: As to the steps being taken, we have inaugurated an energetic campaign to recruit aircrew. We are remustering from ground crew within the ranks of the R.C.A.F. a very large number. Last month 761 ground crew were remustered from ground crew to air training. As I have already announced in the house on several occasions, we anticipate that this will be a fruitful source of potential flying men, though I by no means give any guarantee that those remustering will be sufficient to meet our requirements.

It is estimated that there are a very large number of young men of aircrew age and fitness in both essential and unessential industries. Many of these are persons who embarked on an industrial career before they reached the callable age and have since become important cogs in the industrial machine, to such an extent that employers are sometimes reluctant to permit them to enlist, and in some cases have categorized them as key men. An industrial mobilization survey is now being undertaken by the national selective service in all the industrial plants in the dominion. The Royal Canadian Air Force will be repre-

sented on this survey, and has hopes that with the cooperation of employers and the patriotic response of these young men, when the priority of need for their services as aircrew over that in industry is pointed out to them, will result in a new influx of recruits for flying training.

Generally speaking, the house can rest assured that every step will be taken and every effort will be made to see to it that Canada continues to supply an important quota to the air training plan and bearing in mind the fact, which has many times been stated in this house, that the field for aircrew recruiting is necessarily a restricted one, by reason of the requirements of age, fitness, mental alertness and motivation, Canada will continue to keep up the flow of pilots, navigators, air gunners, wireless operator air gunners, bombers, to our own R.C.A.F. squadrons and to the R.A.F. squadrons so that they will continue to strike the devastating blows which are shaking the axis powers to their very foundations.

Needless, to say, there is no battle between the army authorities and those of the R.C.A.F. We endeavour to work out our problems in a cooperative way, and the personnel and officers of the army and the R.C.A.F. are constantly meeting most amicably to that end. We may not always agree, but we are not fighting, and we hope by means of cooperation to work out our mutual problems satisfactorily.

Mr. WOOD: With reference to the minister's statement in regard to the obtaining of aircrew, I have on my desk a letter from a young man, a graduate of McMaster university, who is very anxious to transfer from the army to the aircrew. He informs me that he has been making an effort for some time but has not been able to get anywhere. Could the minister advise me of any method which I could recommend to this young man whereby his desire might be satisfied.

Mr. RALSTON: Is my hon. friend asking me the question? I have no idea about the case. There have been a number of cases of transfer, but my hon. friend and the public will understand that when men have trained for a considerable period for one arm of the service it does not seem to be desirable to have them transferred because they desire the change. If my hon. friend wishes to bring the case to my attention I shall be glad to look into it. Was he called up?

Mr. WOOD: No.

Mr. RALSTON: If he was called up he had an opportunity of joining the air force rather than the army prior to the time he actually reported for medical examination. He could have joined the air force instead of joining the army. Transfers are made even overseas from the army to the air force where men are specially fitted for the purpose or where there are circumstances which in the opinion of the army commander justify the change. Every case has to be dealt with on its merits.

Mr. GRAYDON: Are facilities being afforded, so far as the Department of National Defence is concerned, to allow all who are in Canada to be given an opportunity of enlisting in the air force regardless of the manner in which they came into the army?

Mr. RALSTON: No. I am a little surprised that my hon. friend asks that question. Surely the hon. member does not suggest that everyone in the army be given an opportunity, no matter how long he has been in that arm of the service or what position he occupies, to transfer to another arm.

Mr. GRAYDON: I did not suggest that. Perhaps I did not make the point clear. The question is one of priority, whether or not the air force is so badly in need of men whom they are not able to get. I wondered what facilities were afforded to supply men from one branch to the other. It is a question of priority.

Mr. RALSTON: It is difficult for the army to enlist, train and post men for general service and then have them transfer to some other arm of the service. It would be only in special cases that this would be done, having regard to the army's own obligations and its own commitments, not only to our partners but to our men overseas. We have to provide reinforcements, and it is these very men whom we expect to provide those reinforcements.

BUSINESS OF THE HOUSE

OUTSTANDING ORDERS FOR RETURNS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Would the Secretary of State (Mr. McLarty) kindly give the house a list of the orders for returns and orders for the production of papers which have not yet been tabled this session. I sent him notice of this request so that he would be prepared perhaps to give me some information on this point to-day. There was a question by the hon. member for Souris (Mr. Ross) which was passed as an order for return and about which I spoke privately to the Minister of National Defence. Perhaps he might give me some information in that regard.

Hon. J. L. RALSTON (Minister of National Defence): I did not ask this morning about it, though I did inquire yesterday, and I understood that there was a great deal of information to be obtained. Perhaps the member for Halifax could say.

Mr. GRAYDON: The hon. member was anxious to have as much information as could be obtained before the house rose, and conceivably the minister might see me privately with respect to the matter and give me some information.

Mr. RALSTON: I shall be glad to talk to my hon. friend about it.

Hon. N. A. McLARTY (Secretary of State): As regards that portion of the question which is directed to myself, the hon. member did give me notice, but I regret to say that between the time of the notice and the present moment no opportunity has been given to prepare the list. However, I shall be glad to prepare one, and perhaps with the consent of the house, without the formal necessity of reverting to motions, I might table it and supply my hon. friend with a copy. Generally speaking, the number of orders for returns this session was 543; answers to 518 have been tabled, leaving 25 outstanding.

NATIONAL PHYSICAL FITNESS ACT

PROVISION FOR ESTABLISHMENT OF COUNCIL FOR THE PROMOTION OF PHYSICAL FITNESS—CONCURRENCE IN SENATE AMENDMENTS

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 138, to establish a council for the purpose of promoting national fitness.

He said: The amendments are entirely improvements in the drafting of some of the clauses of the bill and do not affect in any vital way the principle. The title is altered so that the act is known as the National Physical Fitness Act. The other amendments are, as I say, improvements in the drafting of the legislation and do not in the slightest degree affect the principle.

Motion agreed to; amendments read the second time and concurred in.

SUPPLY

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

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

193. Departmental administration, $139,321.

Mr. GRAYDON: I have no desire to delay the passing of these estimates; rather am I desirous of facilitating them so far as the national interest permits, but I should like to support what was said yesterday on the orders of the day by the hon. member for Broadview in regard to members of the Northwest Field Force. If I understand correctly the minister's explanation, these men as to pension are placed in the same position as any other soldiers who served in the South African campaign, the last war or, the present war, and I can quite see the minister's position in the technical answer he gave with regard to pensions. I am wondering, however, if there is not something that goes perhaps a little further than what has been actually discussed. These men served as early as 1885, if my memory serves me correctly.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): That is correct.

Mr. GRAYDON: I am wondering whether the difficulty may not arise to a large extent in connection with these men being able to attribute their disabilities to service in that particular theatre of war. That is one question I should like to ask the minister, because it may be germane to the discussion in regard to pensions for these men. It is hard enough to produce evidence of attributability in connection with the war which concluded twenty-five years ago. When one adds the years which have intervened since 1885 I have no doubt these men must find great difficulty in presenting any evidence on which they might base a claim that their disabilities are attributable to war service. That is the first point.

Then the minister raised a point in connection with the war veterans' allowance. As this committee well knows, the basis of a claim for the war veterans' allowance, or the burnt-out pension, as it is commonly called, is that the man must have seen service in an actual theatre of war, and it has been decided that those who saw service in England only in the last war may not properly apply for this allowance. I am not so sure that before long the minister will not have to review that position, but I do not want to bring that subject into this discussion. I do not believe the minister is confronted with an insurmountable difficulty in establishing an actual theatre of war in connection with the Northwest Field Force. It is true that this campaign was not on the scale of subsequent wars; nevertheless it was an important campaign from many

points of view. I should not think the minister would find it very difficult to have the northwest area established as an actual theatre of war. In effect it was a theatre of war, because fighting took place there.

The minister has given the technical reasons for not extending the war veterans' allowance to those who served in England during the last war. I am not arguing in favour of that at the moment, because I am afraid I have not always been able to see the distinction, but at least during the last war there was not hand to hand combat with the enemy on land in England. Perhaps the minister and the department have based their ruling in this connection on the fact that England could not be regarded technically as an actual theatre of war. But I take it that veterans of the South African war are entitled to apply for the war veterans' allowance; I believe that was provided in an amendment which was made not long ago. If the South African veterans are permitted to make application for this allowance, it seems to me that the distinction between their case and that of the Northwest Field Force is not very great. Certainly having in mind the number of these older, what we might call senior, veterans who would be involved, I am inclined to think that during the recess the minister might give careful consideration to the matter and if possible permit the war veterans' allowance to be extended to these men, not only by reason of their entitlement but for what I fancy would be another cogent reason, that is, the difficulty that most of these men will encounter in making application for pension in the ordinary way, in presenting proof of attributability to war service. No such proof is required in connection with the war veterans' allowance, and the restrictions on the granting of that allowance are of course much less severe from the point of view of the applicant.

I want to place these points before the minister with great earnestness. There are not many of these veterans left, I think only some three hundred, and in all fairness to them we should take the position that they are entitled to make application now under the burnt-out pension arrangements, in view of the facts I have stated.

Mr. MACKENZIE (Vancouver Centre): I have not the slightest fault to find with the remarks of my hon. friend; I think he has stated the position clearly and with accuracy. There would be no objection whatever to meeting this claim except for the implications that would be created in regard to other cases. After all, we have 193,105 men who served in Canada only during the last war. This claim is very small in itself; really it is largely sentimental, because most of these men are entitled to the old age pension and I would imagine most of them are drawing that pension now. The benefit they would gain through coming under the veterans' allowance act would be very small; it would consist chiefly in the allowance to the widow for one year after death.

Mr. GRAYDON: They would be entitled to $40 a month, would they not?

Mr. MACKENZIE (Vancouver Centre): There would be a difference in the case of some married men. I think the issue is largely sentimental, and in themselves the financial considerations are very small indeed. It would mean, however, that later on the house would have to be prepared to meet the claims of those who had served only in Canada or England during the last war. It would be a measure of social security, and perhaps it will have to come, but that is the implication in doing this for these few survivors of the northwest rebellion. Personally I am not opposed to it at all. But I do say that the principle of veterans' allowances was that a man's age was shortened because of what he suffered in actual warfare, trench warfare, in the great war. It was considered that he was burnt-out and prematurely aged, and as such the old age pension was extended to him at an earlier age. Well, if that is to be extended for all the veterans of the great war, it is another matter. This request could easily be met, but it would involve a larger issue.

Mr. STIRLING: Is not the difference the fact that there was fighting in the northwest rebellion and that there was no fighting in Canada for the 193,000?

Mr. MACKENZIE (Vancouver Centre): I do not think there were any conditions which prevailed in the northwest rebellion such as those which prevailed in trench warfare of the great war. There they had conditions which merited special consideration, the same as the veterans of the South African war. But there were no conditions in the northwest rebellion which would induce the introduction of a bill such as that which was passed in 1930, known as the War Veterans' Allowance Act. These men were prematurely aged by the stress and strain and terrible conditions which existed in the war of 1914-18.

Mr. GRAYDON: I raised a purely hypothetical point, without having personal knowledge of the facts to which I alluded, other than by way of inference. These men experienced many difficulties in establishing their claim for pension, in view of the tremendous time which has elapsed.

Mr. MACKENZIE (Vancouver Centre): No, not the slightest. I do not know of one claim pending to-day. I do not think there is any difficulty at all about that. The whole thing is the suggestion that, having fought for Canada within Canada, they should have the same rights under this act as all other Canadian veterans.

Mr. STIRLING: The minister has referred to the fighting in the great war, but I would point out that in the north-west rebellion there was fighting in Canada.

Mr. MACKENZIE (Vancouver Centre): There were many Canadians who served during the great war who are not eligible, under the act as we have it to-day.

Mr. GILLIS: While the men who served in the Riel rebellion are certainly entitled to some compensation from the country for the services they rendered, I think that at this time to relate their service to disability from participation in a war is an impossibility. Furthermore, the condition in which these people now find themselves is a reflection on the government of that day. It is rather late to raise the question of pension for men who served during that time. Besides, I am opposed to shelving questions connected with social security by trying to dump them under the War Veterans' Allowance Act. In the past twenty-five years we have shirked our responsibility in the field of social security generally, by trying to handle the whole problem in a disjointed fashion. Under the act as it now stands, service in a theatre of war is not the only qualifying clause. The men who served in Canada or in England, if in receipt of a 5 per cent pension, are also entitled to veterans' allowance. I should imagine that if one were to go over the list of those in receipt of war veterans' allowance he would find as many men on that list, as many men who served in Canada and in England, as there are men who served overseas in a theatre of war.

My experience has been that, by and large, the men who served in a theatre of war are regular pensioners. The other measure was brought in to cover men who suffered disease and disability which could not be attributed to service. I am absolutely opposed to classifying the War Veterans' Allowance Act as an old age pension act. I believe too much of that sort of thing is being done. In many instances war veterans, who come under the war veterans' allowance provisions, are being injured because the provinces and the federal government are using the War Veterans' Allowance Act as an old age pension measure. I have run into cases of the kind on several occasions, and I have no doubt the minister has too. The provincial government pays an old age pension to a wife, for example, of $15 or $20 a month. When the veterans' allowance is granted to the husband, instead of getting the $40 a month to which he is entitled under the act, the amount of the old age pension being paid in the province is deducted. This militates against the soldier, because it is being used as an old age pension.

I think the minister was correct when he said it is generally recognized by medical authorities that a man's life is shortened, by at least ten years, as a result of war service, and certain provision was made under the act to enable the veterans to receive something at the age of sixty. But I do not think it was ever the intention to deduct from the veterans the amount paid by the provinces to other members of a family by way of old age pension. The men who took part in the Riel rebellion were the victims of a faulty system; their position is a glaring example of the lack of interest on the part of past governments, and this is something which will have to be taken care of.

Mr. MACKENZIE (Vancouver Centre): Would my hon. hon. friend permit an interruption? He referred to the number of recipients under the War Veterans' Allowance Act. There were 1,841 who served in Canada and England only, out of a total of 24,192.

Mr. GILLIS: The point I wished to make, for the benefit of the leader of the opposition, was that overseas service in a theatre of actual war was not the only qualifying clause.

Mr. MACKENZIE (Vancouver Centre): Correct.

Mr. GILLIS: In my opinion the men who served in the Riel rebellion, and any others in that category, will have to be covered by social security. I believe that is the answer to the question. This procedure of dumping everything into the Department of Pensions and National Health, as we have been doing for the past twenty-five years because there has been nowhere else to go, is bad practice. If the leader of the opposition is interested—and I know he is—he would do well to hold up both hands in support of a social security programme.

Mr. BLACKMORE: There is one matter which I believe should be considered, and might best be considered under this item. May I first however refer briefly to what has been said by the minister and the hon. member for Cape Breton South with regard to the inadvisability of dumping into the War

Veterans' Allowance Act problems having to do with social security. I should be inclined to agree with both of them, provided there were any immediate possibility of having social security in this country. But what is now happening, and has been happening for years, is that these men who fought, bled and now suffer are being allowed to go without the necessities of life, while Canada waits upon the introduction of a measure of social security. By the time we have adequate social security most of these men will be in their graves, and we shall have committed what in my judgment is a national crime. I have felt ever since these men went to war and returned from it that it was Canada's duty to take care of them. Never mind social security; if we cannot get it, at least let us take care of these men and their dependents.

Another matter I should like to discuss briefly is one which I hestitate to discuss at this late stage in the session, but one concerning which I believe something must be said. On July 12, when the Prime Minister was giving one of his glowing speeches, I rose and reminded him that Canada had not played fair with her returned men. The Prime Minister made remarks which indicated that I was making innuendoes and insinuations which I ought not to make without having sufficient evidence to support my statement. Before we finished the little passage between myself and the Prime Minister I promised that I would bring forth evidence before this session was over in full support of my statement. My words, as reported on page 4622 of *Hansard* were:

If I have said anything up to the present time which either by implication or by meaning could be construed as offensive or as inappropriate on this occasion, I withdraw it; but I give assurance to the house that at a later time I shall reassert it, because so far as I am concerned, Mr. Speaker, as one member of parliament I do not propose to neglect my bounden duty to the people who sent me here and to the soldiers who are fighting our war.

First of all, I shall read a quotation from a letter for which I vouch, which I have right here, written by a veteran of both wars. This letter is dated July 13, so that evidently this man lost no time sending it in. I have others, but I think this is probably better by far than anything else I have. I read:

In the first place I should tell you who I am and what authority I have for making these statements. I am a doctor of twenty-two years' experience. I served as a doctor in the last war and did not get overseas because of the influenza epidemic. I also served in this war but did not get overseas.

While serving at the Atlantic coast in various units I saw examined and boarded for discharge many fine young men who entered the active army—they were not draftees. These men were often subjected to rainy, foggy weather, often getting their clothes wet while guarding a coast so that our premier as well as all could rest in peace.

Many of these boys were on active service at the coast two years or more. Suddenly they get a terrible cold, fever and sore throat, tonsilitis or septic sore throat, followed by rheumatic fever or rheumatic arthritis.

May I interject here that even though these boys who are afflicted in this manner may not have seen the heat of battle, they have made a sacrifice for the country which puts the country under an obligation to see that they are provided for. I go on with the letter.

The policy of the army and government has been to date to discharge these men, one month's post discharge pay and to hell with them any more.

Mr. MACKENZIE (Vancouver Centre): That is entirely wrong.

Mr. BLACKMORE: This is a statement by a man who has been right through it.

Mr. MACKENZIE (Vancouver Centre): He does not know anything about it.

Mr. BLACKMORE: I do not see how a man could know anything more about it than the man who had boarded these men.

Mr. MACKENZIE (Vancouver Centre): I am sorry to disagree with my hon. friend.

Mr. BLACKMORE: I am glad to hear the minister say that. I shall go on with the letter.

Our government has taken the stand that there is no pension for service in Canada if disabled by disease.

Mr. MACKENZIE (Vancouver Centre): That is not correct either.

Mr. BLACKMORE: The letter continues:

I ask you or any person in the democratic world if that is what we are fighting for? Every good soldier does what he is ordered to do. If sent overseas, he goes. If detailed for coast protection—then he does it. Why should any soldier on active service be penalized because his health broke down by service in Canada? I will except all venereal diseases.

I claim that all men are examined by men who are appointed by the military authorities who in turn are acting for the government. I claim that if once accepted and health breaks under the strain of the changed life that the government is responsible. I myself had an attack of coronary thrombosis and have not been able to do any work since. I have talked to ———.

I am going to leave out some names, but I can supply them privately to the minister. I think it is just as well that these names should not appear on *Hansard* because there will be plenty of malodorous results from some of these things. I continue:

This man has a nose like Major Hoople and shows that he is more interested in something else. He has never had a private practice of his own and has served for too many years. He even refused me a rehabilitation grant. I tried to take a post-graduate course after my discharge so I attended ——— university.

I am leaving out the name of the university. I continue:

Studying is mental work but not physical. I secured my D.P.H. degree (Doctor of Public Health) and I also have my L.G.M.C. All these are no good to me because I thought that I could do work if I removed the night calls.

Apparently this man found himself unequal to the task of carrying on even after he had done all he possibly could to prepare himself. The latter continues:

However, the refusal of rehabilitation was made direct by ———.

Mr. MACKENZIE (Vancouver Centre): Is he referring to the rehabilitation grant paid by the army, or to the rehabilitation benefits paid by this department?

Mr. BLACKMORE: All I know is what appears in the letter, and it is not sufficiently definite to enable me to answer the minister's question. I shall place this letter in the minister's hands so that he can examine it. A member of parliament, generally speaking, receiving a thing like this is in duty bound to consider it. I am simply passing it on. If I receive a letter of this sort from a man who looks dependable I think I ought to bring it up.

Mr. MACKENZIE (Vancouver Centre): Has the hon. member brought this letter to my attention before now?

Mr. BLACKMORE: No, I did not bring this to the minister's attention, largely because of the lateness of the session. I have brought cases to the minister's attention and although he has shown a lot of sympathy I have felt that he was bound by some hidden hand and I pretty well lost heart about taking things up with him.

I should like to read a passage from another letter for which I am prepared to vouch. This is by a veteran of the two wars. He says:

To-day, as always, you can look around you and see the poverty and rags of these veterans from the trenches. The deaf and disabled refused a pension and their pensions and their job handed out to a non-combatant for political reasons.

I cannot vouch for the statement regarding political reasons. I like to keep free of all offensive things like political struggles. I abhor them, I despise them, but they are there and I can do nothing about them. I am not going to talk about them, but this is this man's statement:

These men never out of Canada are not war veterans.

I do not know that I agree with the writer there.

They were never in the war. Recently there was a job open in Woodstock. The civil service made a big time. They need not have bothered. We veterans know. The man appointed got as far as England, says Ottawa. To England where we went on leave; to England where we went for fun, pastime and amusement; to England where we went when we were sick and wounded. We went. We, the slackers from the trenches. God save England. These men never out of Canada and those that got as far as England did nothing but eat our rations and take our jobs and our pensions. They met us when we were coming back.

Those are bitter words, but let it be borne in mind that they come from the lips of a veteran of the two wars.

Mr. MACKENZIE (Vancouver Centre): He is not complaining of this department; he is complaining of the civil service commission.

Mr. BLACKMORE: Possibly, but there are other things that apply to this department. I continue:

The Pension Act states: "That a pension should not be denied the veteran because no disabling condition existed at time of discharge". Just try and get it. His papers come back from Ottawa marked "Application refused" and no reason given except from some previous examination years before. If they did not intend to examine the veteran, why call him before the board, and having given him no examination on what do they base their claim of "Application refused"? You don't know and neither does the veteran, and this way of handling the veteran has not helped in any way, but only filled him with bitterness, and you can expect nothing else from disabled veterans who watch their families grow up in poverty unable to pay their way for the necessities of life, unable to secure employment on account of war handicaps and knowing of the graft in pensions and jobs handed out for political reward while we continue in our poverty, denied justice or assistance from the country we fought for. Is that what you have in store for those now fighting?

This is a lengthy document and I do not propose to read any more from it. I am sorry to say that my own experience of the treatment accorded to many veterans to whose cases I have endeavoured to have some consideration given has led me to sympathize with the remarks in this document. I will not say that the statements therein are entirely accurate but I will say that there is a cheeseparing, niggardly, inhuman way of dealing with veterans of this war which leaves much to be desired. I lay no blame on the men who are trying to administer the act; I am not in a position to blame them. I do not know that I would blame the minister. I think what we have to do is to blame the whole general

attitude which seems to fill the mind of the government and seems to fill too many minds in this country—an attitude which endeavours to treat these men just as cheaply and as niggardly as we possibly can and still get by under the act.

I have had experience in my own constituency with men whose treatment simply revolted every fibre of my being. Let me mention one of them. Just this last year he was receiving a war veteran's allowance. I do not think I had better give any details about what this man is doing, because I find that when knowledge comes to be had regarding some of these men they do not get on so well after that. This man is in receipt of a war veteran's allowance. The way in which the inspectors go around and poke their noses into his affairs and watch and scrutinize every little movement he makes for fear he is going to make five or ten cents more than what the act says he can is simply astounding. This man said he had a chance this year—I am not going to tell what the work was—to go and do some very necessary war work in connection with agriculture. He could work in the harvest field—I will go no further. This man could have had about fifteen days' work, but if I remember correctly he had to stop work at five and a half days of work. He was quite able to do the work out in the fields, and the farmer needed him, but he had to stop work at five and a half days, or some of his war veteran's allowance would be sneaked away from him on the plea that he had accepted more than the amount of money which the law laid down as being the limit. I am not going to say that the men who were administering the law were not strictly within their rights, but I say that a government that takes such an attitude and forces its officers to take it certainly has a whole lot to learn.

I think the minister is doing everything in his power to make the act better. I am not complaining against him at all; I want him to understand that. But he knows certainly how many, many things in this country ought to be made right in order to give the men who fought our war last time and the men who are fighting our war this time anything like a fair chance.

I believe, Mr. Chairman, that I have said enough to support what I said to the Prime Minister, and I will say no more, except that I hope this house will see that a great deal more generous treatment is meted out to every man who served in the last war and to every man who serves in this war.

[Mr. Blackmore.]

Mr. MACKENZIE (Vancouver Centre): I am not going to make a speech at this stage. I merely want to inform the hon. member for Lethbridge that the instructions issued throughout the Department of Pensions and National Health are that every possible consideration must be given to every individual case. These are the instructions given by the minister, and these are the instructions carried out by all members and staff of the pension board and all the veterans' allowance boards. Every single member of these boards is a veteran of the great war. In the four years that I have been in the department I have found nothing but the utmost desire to administer all the statutes and the regulations for the benefit of the veteran and his dependents.

Mr. KUHL: Within certain financial limitations.

Mr. MACKENZIE (Vancouver Centre): There are no financial limitations placed on the Department of Pensions and National Health in administering the act.

Mr. KUHL: You have only so much money to spend.

Mr. MACKENZIE (Vancouver Centre): We get estimates of what is required from our own experts and they have never been turned down. Never has an estimate that has been brought in for pensions been turned down—never. In regard to health, yes, but in regard to pensions, never. Certain principles have been established by parliament, and within the ambit of the statute and the regulations we have never by virtue of financial considerations been denied by any government—this applies to former governments as well as this one—anything we required. I have found in this house all the time I have been here a unanimous desire upon the part of all members to do everything possible for these men. There are bound to be cases of hardship, but when they are brought to my attention every single thing that it is possible to do is done and will be done to provide a remedy.

The amazing thing is this. We have the best pension act and the best war veterans' allowance act, passed by all parties in the house, not only in the British empire but among the united nations as well, and in our preparations for rehabilitation we are ahead of the empire and all the united nations. When the empire parliamentary delegation were here they were immediate in their acceptance of that fact when they saw what we are trying to do. I am the first one to want to remedy any case of hardship. It is not a

matter of government but of parliament and the humanitarian heart of this house. If there are any cases of hardship, and I include the cases which my hon. friend has mentioned which had not been brought to my attention before, they will be remedied if I have the power so to do. Anything that we can do for the men who fought the last war and for the men who are fighting this war and their dependents will be done.

Mr. McLEAN (Simcoe East): I am not going to make a speech, but I cannot let the statements that have been made by the hon. member for Lethbridge go without a protest. As a veteran of the last war I want to say that his statements are a reflection on the men who fought in the last war and on all those who are administering pension legislation. It is unfair to those gentlemen to say that the administration of this act is niggardly or inhuman or something for which we should bow our heads in shame. Instead of reading extracts from letters which are not tabled, the names of whose writers are not given, if he would take those letters over to the commission, as other hon. members do, and get the other side, he would find that every man employed in the department is at all times most sympathetic and most willing to go very carefully into every case. I regret that circulation throughout the country should be given to remarks which are a reflection upon the administration of this act by a staff who, within the limits of this act which was passed by parliament after it was gone into thoroughly by a committee composed entirely of veterans of the last war, are giving the most sympathetic and generous administration which under the act can possibly be given.

Mr. QUELCH: There is one point I would like to draw to the minister's attention at this time. Under the Pensions Act as it is to-day, soldiers serving in Canada who become disabled are pensionable only if their dependents are in necessitous circumstances. I should like the minister to define exactly what is meant by "necessitous circumstances." Does it mean, for instance, that the soldier is an indigent? The minister will remember that during the sessions of the committee last year we discussed the question of free hospitalization, and it was stated that any soldier who was an indigent could receive free hospitalization. I asked, I think it was, Doctor Miller, to define "indigent", and he said, any soldier with an income of less than $1,000 a year. What I want to know from the minister is, will any soldier with an income of less than $1,000 a year be granted a pension provided he becomes disabled while serving in Canada?

Mr. MACKENZIE (Vancouver Centre): I am not personally aware of the criterion that is being used by the board of pension commissioners. I am aware of the instructions which were given to them after section 11, subsection 3, was passed, and that was to be as liberal and generous as they possibly could in the interpretation of that section. I would have to consult the chairman of the pensions commission, who unfortunately is ill at the moment, with regard to the exact criterion they use in defining necessitous circumstances.

Mr. QUELCH: The minister would admit that if a soldier is indigent he would be in necessitous circumstances, and if that has been defined as represented by an income of less than $1,000, that should be the criterion by which we should judge necessitous circumstances. Have any applications for pensions been refused on the ground that a soldier was not in necessitous circumstances?

Mr. MACKENZIE (Vancouver Centre): I am informed that there have been some. The percentage I have not under my hand; I shall be glad to get it for my hon. friend.

Mr. KNOWLES: A good deal of the discussion we have had to-day and on other occasions as to whether or not veterans are getting proper treatment really relates to the terms of the act itself. We have been told this morning that the best possible administration is being given within the terms of the act. Has not the minister as the result of his experience realized the necessity, if not the desirability, of making changes in the act so as to make it possible to extend better treatment to veterans of the last war? I have in mind the kind of case of which we receive a great many, and refer them to the department and to the minister. I have a notion that the minister is sympathetic to our point of view. Often, where the pensionable disability resulting from the last war was minor, the amount the man is receiving is not sufficient to live on, and in recent years other disabilities have developed; and to a layman, to the veteran himself, to his friends, to anyone looking at it from a non-medical and non-technical point of view, it seems clear that the man's condition has deteriorated and that really it relates to his services in the last war. When we take it up with the department we get reconsideration, the case is looked into, but in due course case after case is turned down on medical grounds. We go to the minister and we are told that the best has been done within the act as passed by this parliament. Like other hon. members, I have many cases

which I could raise here. I will not take the time to do so, but it does seem to me that the time has come for an overhaul of the act with a view of making better provision for the man who really is suffering as a result of the ordeal he went through in the last war, because his physical condition has deteriorated in recent years, and he ought to be receiving that consideration.

I should like to know whether the minister agrees with me, and whether anything has been done looking towards revision of the act along these lines.

Mr. MACKENZIE (Vancouver Centre): In cases analogous to those mentioned by my hon. friend, where a man is in receipt of a pension and has developed secondary disabilities, he can in the case of a married man have the total augmented to $60 a month by war veterans' allowance, that is the pension plus allowance up to $60 a month, but so far as I recall the provisions of the statute itself, I do not think that secondary disabilities, unless caused by war service, are recognized in the assessment of a pension.

Mr. KNOWLES: This whole problem, as to whether these disabilities are caused by war service, is answered technically and medically "no", but to the layman it looks as though it was the result of the man's war service. It seems to me that some redefining of the terms of the act is long overdue.

Mr. BLACKMORE: I would like to ask a question or two. First, may I refer to the hon. member for Simcoe East, who got up and read me a lecture.

The CHAIRMAN: Order. I do not think it is a fair statement that the hon. member referred to was giving a lecture. Nobody is trying to give a lecture, and I say so having listened attentively to what has passed. I hope we have now reached the stage where we shall avoid repetition. Some statements have been made a dozen times in this committee.

Mr. BLACKMORE: I will withdraw the term "lecture", but I would say to the hon. member who resented the remarks I made, that I find always somebody ready to resent any remark which is made on behalf of people who are suffering. That has been my experience for a good many years.

I want to ask the minister one or two questions for my own information, to see whether I am right. How much is allowed a married veteran per month under the War Veterans' Allowance Act?

[Mr. Knowles.]

Mr. MACKENZIE (Vancouver Centre): Forty dollars a month, which can be increased to $50 with casual earnings added. I think I went into this thoroughly when we were discussing the war appropriation. A single man is entitled to $20 per month plus $5 per month, plus casual earnings of $125 per year, or a maximum from all sources of $480; and a married man, accordingly.

Mr. BLACKMORE: I merely want the figures so I can draw a conclusion from them. A married man can get between $40 and $50, but not more than $50.

Mr. MACKENZIE (Vancouver Centre): Plus casual earnings.

Mr. BLACKMORE: That allows him the possibility of an income of $600 a year. In addition to that, how much can a veteran earn on the side without forfeiting any of his war veterans' allowance?

Mr. MACKENZIE (Vancouver Centre): A married man can get $60 per month, plus $125 casual earnings, or a maximum of $845.

Mr. BLACKMORE: That would be the limit? Now, suppose such a man found himself in debt because of an accident, or because of any one of a dozen things which might overtake a married man, and his wife went out and took work at $10 per month, what would happen to him? Suppose he had that $845 coming in and then his wife went out and worked for $15 a month, what would happen to his war veterans' allowance?

Mr. MACKENZIE (Vancouver Centre): If the earnings were casual earnings they would be disregarded; if they were permanent earnings they would be taken into account according to the statute.

Mr. BLACKMORE: In other words, if the wife went out and worked for $15 a month he would be likely to lose $15 from his war veterans' allowance? That means that the family will be in an absolutely impossible position financially.

Mr. MACKENZIE (Vancouver Centre): He is paid that amount on her behalf and if she gets such income from some other source it is deducted.

Mr. BLACKMORE: Then the family will be put in an impossible position. No matter how they scheme, whether they raise chickens and sell eggs or sell garden produce, no matter what they do, their income is absolutely limited from that time forward. I will submit that to any fair-minded man in this country or in this chamber and ask him whether that is a decent way to treat veterans.

Mr. MACKENZIE (Vancouver Centre): May I say one word. This is the most generous system of the kind in the world to-day.

Mr. BLACKMORE: Then it is certainly high time the world mended its ways.

Mr. MACKENZIE (Vancouver Centre): That is my hon. friend's mission, probably.

Item agreed to.

Rehabilitation branch—

199. Veterans' welfare division, $129,744.

Mr. GILLIS: What is the department doing in the way of increasing the number of personnel in the offices of the welfare organization?

Mr. MACKENZIE (Vancouver Centre): We are very much alive to the necessity of having welfare officers in all parts of Canada where they are required, and we are extending the service from time to time. We have now under consideration an extension of the services in my friend's constituency, in Sydney, I believe, and we hope to be able after two or three months to have one established there.

Item agreed to.

Direct payments to veterans and dependents—

200. European war pensions, $37,500,000.

Mr. GILLIS: I wish to say a word with regard to section 32(a) as applied to widows who do not come under the arrangements now made under the additional appropriation to provide for those whose husbands might have qualified under the War Veteran's Allowance Act. There are a large number of women in Canada who are in poor circumstances and who are not provided for yet. With regard to section 32(a) and the limitation it places upon certain classifications of widows, women who marry after the time limit was set, to all intents and purposes these women are single so far as the pension regulations are concerned. There was quite a long discussion on section 32(a) before the pensions committee when it sat, revising and bringing up to date the Pension Act, and strong recommendations were made to the minister for the removal of section 32(a), or at least to bring it into conformity with the act as it applies now to the widows of veterans of this war. The recommendation was made that where they were in necessitous circumstances, regardless of that time limitation, they should be given the privilege extended to widows of this war.

One important matter I would bring to the minister's attention is this. Many veterans of the last war who came back suffering mentally were not provided with any kind of institution except the ordinary mental institutions of the country. I had the privilege of visiting one and I felt that it was certainly a lack of foresight on the part of the Canadian government to take men who were not insane in the real sense of the word, but merely suffering from shock, and put them in with mental patients of all descriptions. It is a horrible condition for a man to be placed in after receiving the shock he did while fighting for his country.

Listening to the Minister of National Defence for Air, I thought he made a very kindly statement. He pointed out that this was a shock war and therefore the problem of mental cases coming back will be magnified one hundred per cent. That applies particularly to the boys in the air. He pointed out that great difficulty was being experienced. Many of these boys who are coming back from service over there are in such a condition that it is hard to place them, and as time goes on, if that disability is not taken care of properly, I am afraid that we shall have to build mental institutions in this country. I suggest that the matter be taken into consideration and that proper neurological hospitals be established, with trained staffs to take care of cases of this kind.

I have a suggestion to offer. The statement of the Minister of National Defence for Air has proven conclusively, to my mind at any rate, that from the point of view of medical science, it is not certain what can be done with such cases. I suggest to the minister that as regards the air force boys now returning, every possible means that might be provided to bring relief to these boys should be studied. Two or three cases should be taken as test cases and chiropractic used in order to bring relief. I remember some years ago when the Chiropractic Association of Ontario made an offer to the provincial government. They were prepared to go to the mental institutions of the province in order to become legally qualified to practise in Ontario, and they said that they would make a test, guaranteeing to turn out of the mental institutions a certain percentage of cases as cured. That was to be the test. I do not know anything about it, but the Minister of National Defence for Air proved conclusively to me that so far as those cases that are now coming back are concerned, there is nothing to-day that will bring them relief. The whole matter is in the experimental stage. We should not lose any bets in trying all the facilities we have in order to bring some relief to these boys. I do not know anything

about chiropractic, but after experience with many cases following the last war I had a good deal to do with assisting to write the legislation that is now on the statute books of the country. I sat in on the machinery that started the original War Veterans' Allowance Act, and I know that there are many men in Canada in mental institutions, victims of the last war, who should not be there. I sat in on that work.

Mr. MACKENZIE (Vancouver Centre): So did I.

Mr. GILLIS: I know the minister did, and that is why I objected strenuously this morning to the effort to make provisions of this sort an old age pensions act. I know the purpose for which it is intended. In my opinion, institutions separate and apart should be provided for the men who are victims of shock from this war. I visualize a great deal of that in the future.

Mr. MACKENZIE (Vancouver Centre): Every point raised by my hon. friend is receiving the anxious and sustained consideration of the department, both in regard to occupational centres and in regard to special buildings for psychopathic or the like cases. That is all receiving attention, and we have I think the best advice in the world in regard to all these matters. We are conscientiously pursuing the study of these points, looking for a solution.

Item agreed to.

204. Decoration awards—V.C. and D.C.M., $20,000.

Mr. MACKENZIE (Vancouver Centre): With the permission of the committee I would ask that this item be amended by leaving out all the words after "awards". The reason is that other decorations in addition to those mentioned will be eligible for consideration, and I do not want to limit it.

Mr. BERTRAND (Laurier): I move accordingly.

Mr. CASSELMAN: Would the minister mind giving some more information in this connection. I have always understood that the Victoria Cross carried an award, but I did not know that applied to the distinguished conduct medal.

Mr. MACKENZIE (Vancouver Centre): I shall be glad to do so. The awards involved are as follows:

(A) Victoria Cross: £10 annuity plus £5 annuity for each bar, payable to ranks below commissioned ranks from the date of the act which earns the award. Navy, Army and Royal Air Force regulations provide for the annuity to be increased to the maximum of £75 including any other pension from public funds where officers and other ranks are incapable of earning a livelihood by reason of age or infirmity occasioned by a cause outside the recipient's control.

(B) Military cross, distinguished flying cross, distinguished conduct medal, distinguished flying medal: £20 gratuity plus £20 gratuity for each bar, payable to ranks below commissioned ranks on discharge, or on transfer to the reserve, or on promotion to commission, provided that they are not eligible for pension. Pension of sixpence a day may be granted in addition to service or disability pension to recipient of decoration at (A) or (B) above, except where decoration was granted for services rendered as commissioned officer.

(C) Conspicuous gallantry medal. Annuity of not more than £20 for petty officers or sergeants, and a gratuity of £20 for lower ratings or other ranks on discharge from or promotion to commissioned ranks.

Amendment agreed to.

Item as amended agreed to.

HEALTH BRANCH

211. Health branch administration, $60,852.

Mr. QUELCH: I understand that a protest was made to the minister some time ago by the united electrical, radio and machine workers of America, union 521, regarding feeding conditions at the Ajax works in Pickering. I believe an investigation was made and conditions were found to be unsatisfactory. Apparently some measures were taken, because conditions improved. Now, however, the charge is made that conditions are worse than ever. I understand the catering is done by George Coles of Toronto, and that this is the only feeding place for a considerable distance. The charge is not only that the meals are poor but that the method of serving the meals is very unsanitary. A month ago something like sixty workers were taken ill with ptomaine poisoning. I think the minister will agree that few things will cause discontent more quickly than poor meals. The union has asked that the government take over the catering at that plant. I understand also that similar conditions prevail at the small arms plant at Long Branch, and I should like the minister to say whether any action is being taken.

Mr. MACKENZIE (Vancouver Centre): In regard to the second point, two officers of the department are on their way to investigate

conditions at Long Branch. I am not aware of the first matter to which the hon. gentleman referred at Pickering, but we will look into it immediately.

Item agreed to.

MISCELLANEOUS GRANTS

236. Victorian Order of Nurses, $13,100.

Mr. DOUGLAS (Weyburn): Under one of these items I wanted to ask the minister if the government has given any consideration to granting a larger amount to one of these organizations, the health league or some other, to extend the work which has been done and which greatly needs to be done in reference to the combating of venereal disease. I have seen the results of some private surveys which have been made in some of our larger cities, and if the figures I have seen are correct the increase in venereal disease has been startling. I wonder if the minister has given any consideration to increasing the amount of money made available to meet this condition.

Mr. MACKENZIE (Vancouver Centre): That has been done this year. For the last several years an item of $50,000 was provided for the distribution of arsenicals. That has been supplemented this year by a special vote of $175,000, making a total of $225,000, which I think is the most we have ever voted for this purpose.

Mr. DOUGLAS (Weyburn): The campaign is being carried on by whom?

Mr. MACKENZIE (Vancouver Centre): Under Colonel Williams; under government sponsorship.

Item agreed to.

Health branch—

500. Financial assistance to the provinces under the National Fitness Act, $225,000.

Mr. MACKENZIE (Vancouver Centre): I would ask my colleague to move an amendment to this item.

Mr. BERTRAND (Laurier): I move.

That the word "physical" be inserted between the words "national" and "fitness".

Amendment agreed to.

Item as amended agreed to.

DEPARTMENT OF FISHERIES

466. To provide for the replacement of the Gaspe peninsula fisheries experimental station, $45,000.

Mr. GRAYDON: Would the minister explain this item?

Hon. ERNEST BERTRAND (Minister of Fisheries): Our fisheries experimental station at this point was burned.

Item agreed to.

SOLDIER SETTLEMENT OF CANADA

336. Administration of soldier settlement and British family settlement, $542,930.

Mr. FAIR: Shall we call it one o'clock, or go on?

Mr. MACKENZIE KING: Perhaps hon. members would be agreeable to the having the house resume its sitting at two o'clock, by unanimous consent, this would enable us to be a little more certain as to the time of adjournment.

At one o'clock the committee took recess.

The committee resumed at two o'clock.

Mr. FAIR: Perhaps I shall have a chance, after three attempts, to say a few words on this question. Yesterday afternoon, just before the dinner recess, we started to discuss this matter, but the departments were switched, I believe for the convenience of the Minister of Public Works (Mr. Fournier). At five minutes after one o'clock we were able to get back on this subject and I hope we shall be able to finish it up at this time. As I pointed out yesterday, we are fighting the greatest war in history, but I feel we are neglecting a number of the men who fought in the last war. Since coming to the house in 1935, I, along with the group to which I belong, have continually advocated that something more should be done for the men who went overseas to fight the battles of the last war. I think we all realize that had it not been for those men who fought in the last war, and were it not for those who are fighting in this war, we would not be able to sit here in comfort and discuss the matters we have discussed up to the present time.

The practice, in both the past and the present war, has been to recruit a number of men from the farms—in this war we are recruiting a number of women as well—to take part in the struggle at home and abroad. At the conclusion of the last war there were over 72,000 men who wanted to settle on the land. After quite a sifting out, we were able to settle 25,017 of these men. Those hon. members who were farming at that time will recall that when this settlement took place we had high land prices, high stock prices, high machinery prices; everything that went into the building up of a settler's home was at the very peak. Credit was extended to these soldiers to set themselves up, but on account of the policy which has been followed since that time in connection with agriculture these men have been faced with a condition over which they had absolutely no control.

I think it is now recognized that at the time of settlement a number of grave mistakes were made. A number of men were settled on the land who should never have been settled there. These men might have made a success in some other line of industry, but they were entirely unsuitable to life on the land. Many of them were placed on some of the poorest land in the western provinces. That was a mistake which could not be overcome by the settlers themselves. The total cost of the scheme at its inception was $109,034,331, and the rate of interest was fixed at five per cent. Five per cent may have looked all right to those who settled on the land at the time, but to-day we find that two per cent is considered good enough for those who make compulsory savings under the income tax act.

This and previous governments realized that mistakes had been made and consideration in different forms was given to these settlers. There was a consolidation of the loans and a little later a cancellation of interest charges. Later on there was a revaluation of the land, and then about 1930 there was a thirty per cent reduction in the loans. Still later there was the dollar for dollar bonus which was wiped out by the present government, I think about 1938. Then, still later the settlers were allowed to go before the farmers creditors' arrangement boards to have their debts adjusted. Up to December, 1941, about twenty-two years after the scheme was set in operation, the board had collected, not only from soldier settlers but from civilians and settlers under the British family scheme, an amount of $65,640,518. Up to that time the deductions which I have enumerated amounted to $47,518,215. At that time it was estimated that there could be salvaged from all settlers something like $30,000,000. This would represent an over-all loss of something like $13,000,000. I do not know the exact amount of the outstanding soldier settler loans, but I believe it would be ten or twelve million dollars.

During the period under review, from the inception of the scheme to December, 1941, the cost of administration was $25,910,495. Up to that time only 2,750 settlers had obtained title to their land. A number of others had sold out or got out because they could not see any way of getting title. As at December 31, 1941, 7,360 of the settlers who had been originally settled on the land still remained. Of these, 2,953 had an equity of 67·5 per cent; 606 had an equity of 32·2 per cent; 1,078 had an equity of 16·8 per cent, and 2,723 had no equity whatever. Breaking down these figures still further, we find that 3,801, or fifty-two per cent, had an equity of less than sixteen per cent in their holdings.

Now we come to the cruel part: Because they were unable to make a living; because they had wives and families to support, a number of these settlers enlisted for service in the present war. Many of these men were heavily in debt to the soldier settlement board, but without saying very much about it we find the government hiding behind a smoke-screen which one might call an order in council, and which makes provision that a certain amount of the dependents' allowance which rightfully belonged to the wives and families of men who had gone overseas was to be applied on the settlers' debt to the board. That, perhaps, is one way which the country took of showing its appreciation of the services of these men, and I do not think we should close our eyes either to the smoke-screen or to the government which is hiding behind it to-day. If anyone else had done a trick like that, if we had heard that it was done over in Germany, we would have said, "What an evil bunch of people those huns are." But we find that our present government, in order to take care of the almighty dollar, played a trick like that on our men who went overseas to fight for the second time; the almighty dollar took precedence over the health and happiness and welfare of the dependents of those men.

The order in council I refer to was passed, I believe, shortly after the war broke out. A little later on, in November, 1942, another order in council was passed, which gave the right to settlers who were still on the land to make application for adjustment of their debts. That is contained in the first section. The second section gives the settlers who enlisted in the present war the right to apply for a reduction of interest to 3½ per cent, which is the same rate as that extended to the proposed settlers under the Veterans' Land Act. I am wondering to-day and have wondered for quite a while why we could not have used the Bank of Canada for the creation of credit to finance this scheme and have given those settlers a rate of perhaps one per cent to cover the cost of operation of that account. I pointed out before that it was impossible for these settlers to make good, because they had bought at inflated prices and had continued to produce at below cost of production.

This question has been before the country for quite a while. The soldier settlers on the land are not organized, and because of that, as in the case of a number of other farmers,

we find that they are the victims of an agricultural policy or lack of policy which has been in effect under the various governments.

Saskatchewan took the lead last April, and their settlers held a conference at Saskatoon on April 9. They were convinced that they could not make things go; they were not satisfied with their treatment. I shall read some of the resolutions which were passed at this conference. They are four in number, not very long, but rather effective. The first one is:

That we request all soldier settlers to withhold their applications for reduction and amortization under order in council P.C. 10472 and submit instead to the office of the Minister of Mines and Resources (Hon. T. A. Crerar), the following resolution:

"Whereas the majority of soldier settlers, although handicapped by poor crops and low prices, have already paid more than their land is worth to-day, they should now be relieved of their responsibility by the government."

I might say that these resolutions were forwarded to the Minister of Mines and Resources. Here is his answer, under date May 3, to resolution No. 1:

The essence of resolution No. 1 is that soldier settlers be given title to the lands covered by their contracts with the director of soldier settlement, the principle of which is that the Canadian taxpayers should single out a very small fraction of the total number of veterans of the last war for such treatment. Such a policy does not commend itself to the dominion government.

Resolution No. 2:

Whereas it has come to our notice that by order in council the soldier settlement board has been permitted to order deductions made from the pay and allowances of dependents of men now serving in the armed forces, to be applied against land and taxes.

Therefore we demand that the above order in council be rescinded immediately, and that any sums of money already so deducted be refunded.

The reply to that is :

With regard to resolution No. 2, no unfair deductions have been made from the assigned pay and allowance payable to dependents of members of the active service forces. At the present time there are 1,128 persons in the active forces whose dependents or representatives continue to occupy the lands which are under purchase contract from the director of soldier settlement. Of these, 279 have made voluntary assignments of amounts sufficient to meet the terms of their agreements, and in quite a number of cases of amounts which will accelerate payment for their farms. Eight hundred and four made no assignments but their agreements are nevertheless being met. In only 45 cases throughout the dominion are deductions in effect under the order in council to which you refer, but as an offset to such deductions the dependents concerned have the use of the farm and the revenue therefrom.

Resolution No. 3:

That this mass meeting of soldier settlers is opposed to any land settlement scheme for men of the armed forces serving in the present war and instead favours payment of an outright cash bonus to these men instead of saddling them with debt and interest charges.

The minister replies:

Regarding resolution No. 3, it is a matter of record that approximately 60,000 men now serving with the active forces have expressed a preference for land settlement upon their return to civil life. The Veterans' Land Act 1942 contains provision for a substantial grant to the settler upon the fulfilment of reasonable conditions. This seems to be an effective answer to the views expressed by your relatively small group at Saskatoon.

Might I pause here for a moment to comment that, unless an agricultural policy is made effective in this country which will guarantee cost of production to soldier settlers and other agriculturists, the men under the Veterans' Land Act must necessarily go on the rocks. I urge that precautions be taken now to put such an agricultural policy into effect.

Resolution No. 4:

That we condemn the threatening attitude adopted by officials of the soldier settlement board in collection of payments from soldier settlers.

This is the minister's reply:

Resolution No. 4 relates to collection policy, and I am reluctant to believe that threatening tactics are being resorted to in cases where there is inability to pay which results from factors beyond the control of the settlers concerned. In credit operations there are always a few cases where firmness is required in making collections, and in fairness to those who meet their obligations fully and on time the director of soldier settlement insists upon payment by those who are inclined to pay scant attention to their principal creditor.

In conclusion, I wish to observe that resolutions of this character are most unfair to the great majority of soldier settlers and they express a singular lack of understanding of all that has been done by succesive governments to overcome undue hardships which have confronted those who are established under the Soldier Settlement Act. I am quite prepared at all times to make inquiry into individual cases where it can be shown that there has been unfair treatment, but the generality of the resolutions you have submitted makes individual identification impossible. I trust, however, that the foregoing will place some of these matters in a more favourable light.

In commenting upon that reply, I would say that the soldier settlement officials are bound by government policy to make those collections; and as soon as government policy is fixed, I believe the officials, including the director and his assistants, will be only too glad to conform with any policy which may be adopted by the government. In the very near future we shall have a number of the men and women who are serving overseas coming back to settle on the land, so that I

suggest that the government take immediate action. These cases of settlers harassed for the last twenty years are sticking up very prominently, and a number of us are witnesses of their cases, and know how they slaved over the last twenty years or more in trying to make their payments but were still unsuccessful. I feel that the government will be removing a cause of complaint among the new settlers by taking care of those already on the land.

There is a part of the reply to resolution No. 2 which I omitted to read. It is as follows:

The average voluntary assignment is $16 per month, and the average deduction by order in council is $14.20. Apparently the backers of this resolution did not take into account that there are thousands of dependents of enlisted men who are occupying rented homes in Canadian towns and cities for which they must pay regular rent. That is one of the purposes for which these allowances are made.

I omitted that, and I may also remark that when the returns were being made in answer to a question which I placed on the order paper, this and some other correspondence was omitted from the list supplied.

Following this, we have another meeting of the Canadian Legion of the British Empire Service League, Alberta provincial command. On June 6 to 9, at a provincial convention held in the memorial hall, Edmonton, some more resolutions were passed. I will read resolution No. 1:

Whereas the majority of original soldier settlers who are still endeavouring to carry on under the soldier settlement scheme, have now found it, owing to advanced years and the adverse conditions prevailing in agriculture, particularly the lack of parity prices, increasingly difficult to liquidate their indebtedness to the soldier settlement board;

And whereas the settlers have struggled on through years of drought conditions and low prices unprecedented in the agricultural history of this country and have now nothing to show for their years of toil and struggle but whatever equity they may have in the land which is liable for foreclosure;

Therefore be it resolved that we now petition the government to relieve the soldier settler of any further payments and that they be given the title deed to their land or, failing this, that a parliamentary committee in conjunction with representation from the dominion command of the Canadian Legion, review the whole situation of the soldier settler with a view to alleviating their present financial difficulties.

Resolution No. 2:

Whereas it has come to our notice that by order in council the soldier settlement board has been permitted to order deductions made from the pay and allowances of dependents of men now serving in the armed forces to be applied against land and taxes.

Therefore we ask that this order in council be rescinded immediately, and that any sums of money so deducted be refunded. . . .

[Mr. Fair.]

Comrade R. H. Inglis, Wetaskiwin, Chairman
Comrade S. Bowcott, Edmonton
Comrade J. G. Baker, Camrose
Comrade T. Sneddon, Calgary
Comrade Neil Donald, Barhead

The signatories are, I believe, the members of the soldier settlers committee.

While dealing with resolutions, may I read one which I placed on the order paper on February 15 last:

Whereas veterans of great war No. 1 who settled on land under the soldier settlement board scheme, as well as their wives and families, have in many instances suffered severe hardships because of purchase of land and equipment at inflationary prices, and,

Whereas the present agricultural policy does not guarantee cost of production.

Therefore be it resolved,—that, in the opinion of this house the government should take into consideration the advisability of giving clear title to soldier settlers still on the land who have paid to the board, either as principal or interest, an amount equal to fifty per cent of the original purchase price, and in the case of those who have paid less than fifty per cent, their outstanding debt to be reduced accordingly.

I am quite willing to amend that resolution to place it in line with those passed by the soldier settlers conference at Saskatoon on April 9 and the Alberta command of the legion at Edmonton on June 6 to 9. I feel that if each Canadian citizen were to put up one dollar in taxes, which he would never notice, for it is only a drop in the bucket compared with what we are contributing by way of taxation to-day, and of which I am not complaining, we could relieve these men who went over in 1914 to 1918 and wipe the slate clean. Let us give these men and women, after their twenty-odd years of struggle, something on account of the very great debt we owe them. It will cost us one dollar each to do it; let us do it before it is too late.

We find that in order to keep payments in good standing it was necessary for settlers to pay on their indebtedness 7·1 per cent of total indebtedness each year. In 1925 the average percentage paid was 3·75; in 1926, 5·63. May I point out that those were good years compared with what we have had since—very good years indeed, because in 1926 wheat averaged over $1.40 a bushel. Later on, that average was cut down to below forty cents, without taking into consideration the dollar. In 1931 the average payment was 3·52 per cent, approximately half of what they would have had to pay in order to keep their accounts in good standing; in 1932 the average was 2·79 per cent; in 1933, when prices were forced to very low levels, those men and women were able to pay 2·06 per cent. In 1933 wheat went

down to 19½ cents a bushel in my territory for No. 1, and the average grade there was No. 4 tough, which netted us 12½ cents a bushel. Some of these people had to sell feed wheat, and in some cases where carload lots were shipped an amount had to be paid to the elevator company to take care of the freight charges, because the wheat, after being shipped to Fort William, did not sell for enough to take care of freight charges, without speaking of threshing and other expenses. The best grade hogs were sold at two cents a pound, eggs at three cents a dozen, butterfat at nine cents a pound. I ask the government, was it possible under those conditions, over which the government had at least some control, for these people to make a living and keep up their payments; and is it right that now, after all these hardships which have been endured, for the government still to insist that these people pay the last pound of flesh, the last dollar?

During the period when we had these low prices for agricultural products, what was happening to machinery prices? So far as I am aware there was only one year when the price of the farm machinery which these people were compelled to pay in order to produce was lowered, and then it was only about $5 on each implement they had to buy. So that I do not see any reasonableness whatever in compelling these people, who, as I said before, went over and fought so that we may enjoy the liberty we have to-day, being asked to complete their contracts. If they were not able to pay up during the twenty years they have been on the farms, what are the prospects under present conditions of clearing up their debts during the next twenty years? The approximate average age of these men is now, I believe, fifty-four years. Some of them are pretty close to seventy years old, and if we condemn them to another twenty years in the penitentiary, what is the use of their trying to live or eke out an existence? Let us take the humanitarian side of the question into consideration and forget the almighty dollar for once in our lives.

Some hon. MEMBERS: Carried.

Mr. FAIR: There is plenty of time to carry this, Mr. Chairman.

We have waited all through this session until to-day for a chance to place the case of the soldier settler before the house, and if those who are in such a rush to carry this item want to carry it, perhaps they can go home. We can get along very well without them. From April 1, 1941, until March 31, 1943, 253 settlers signed quit-claim deeds and 108 other settlers were served with thirty-day notices. That means that they had to do certain things within thirty days or get out on the road. I do not know whether hon. members want this state of affairs to continue. Personally I do not, and if it is necessary I will pay more than that dollar in order to free these men and women of their indebtedness. I realize that a number are not able to pay more than that dollar; but the way in which money is being spent, if we take into consideration the millions passed in the estimates yesterday and those which so far have been passed to-day, I think we can slide through one more estimate of $12,000,000 to take care of this, if that is the amount. I believe it is below that at the present time.

There are to-day hundreds of thousands of men and women overseas. We are going to have a number of them back in the very near future; and before they come back, if we are not going to blush in shame, then I say, let us clean this blot off our books, because it is a blot that cannot be successfully denied.

This matter has been under the same department for some time. I am going to make a suggestion now and I hope it will be agreed to by the house and by the government. I believe we have officials administering the act who, with some sympathetic instructions from the government, would be only too glad to clear up these acounts and sign over the land to those who are still on it. As regards those who have already lost their land; those who have put in years on the land and finally were beaten, as were a number of other farmers, civilians, I would suggest that these men get consideration. But for those still on the land, let me ask that they be given clear title and also that this matter be transferred from the Department of Mines and Resources to the Department of Pensions.

I believe that in the Minister of Pensions and National Health we have a minister who is sympathetic and considerate, and if we have the matter under his department perhaps we shall get better consideration than we are getting from the Minister of Mines and Resources. I am going to make one more suggestion, though perhaps it will not meet with the approval of the government. I say, take the same minister off the treasury board and put on the Minister of Pensions. In my opinion a number of reforms are coming in this country; but while we have men such as the Minister of Mines and Resources, whose record I have followed for a long number of years, ever since he left the farm, we shall not get for these settlers that consideration to which they are entitled. Perhaps some day

I am going to go a little farther if this situation is not remedied in the near future. I am making a temperate request to-day; and if the Minister of Mines and Resources and the other members of the government could hear some of the remarks I have heard on the trains, in restaurants and in other places, talking with men and women of the armed services, the Minister of Mines would get off the treasury board and use his influence to see that titles were granted to these men and women who have suffered for a long number of years in order that we might have the privileges which the minister and the rest of us enjoy at the present time.

Mr. CRERAR: Had it not been for the last five minutes of my hon. friend's speech I would not have wearied the committee at this late hour of the session by attempting anything in the nature of a reply. The hon. member has certainly been persistent in putting his point of view before the house and the country. I regret that it is an extreme point of view, when we take into consideration the treatment that has been given to the soldiers of the last war who settled on farms in Canada.

In the opening part of his remarks the other day the hon. member quoted a statement made by Sir Robert Borden, giving what Sir Robert—and it was the point of view of the government of that time—regarded as the obligation of the country to the returned men. I believe that on any fair examination of this whole question, so far as the land settlement part of the work done for the returned men of the last war is concerned, they have been fairly treated.

The hon. member identifies himself with the request made by a small group of soldier settlers who met in Saskatoon some time during the past year. They have put forward the demand that they should receive titles to their property and should not be asked to make any further payments, either of arrears or of amounts owing in the future. That point of view has been very strongly pressed by this little group, but I say to my hon. friend that to consider anything of the kind would be a gross injustice to the thousands of soldier settlers who have met their obligations and who are meeting them to-day and are not asking for treatment of this kind.

I know there are some soldier settlers who, notwithstanding all the aid they could be given, would even then probably not make a success of their farming operations; but I may give the committee, since my hon. friend has brought up the matter, one or two illustrations to show how little substance there is in the plea made by the hon. member. One of the soldier settlers, a man who was active in this meeting in Saskatoon—indeed he was one of the chief organizers of the meeting—has had a reduction in his indebtedness, incurred from the time he settled on his farm, of $6,337.98. Not only that, but he is in receipt of a pension—no; I am wrong. It was another case I was thinking of.

Mr. FAIR: I thought the minister was wrong.

Mr. CRERAR: I congratulate the hon. gentleman upon the acuteness of his intelligence. What I was going to say was that last year, in 1942, this settler had 3,150 bushels of wheat and 2,000 bushels of oats. That was his own statement to the administrative office of the soldier settlement board in Saskatoon. I might add that this crop came from 145 acres of land, so that he must have a pretty good farm. Up to April of this year he had not paid a dollar on his obligations for the current year.

Mr. FAIR: What is the name of that man, please?

Mr. CRERAR: I am not going to give his name here. I would have no objection to giving it to my hon. friend privately, but I do not wish to mention it in the house. Furthermore, evidence has come to the attention of the soldier settlement administration that within the last few months, in response to an advertisement, this settler listed his farm for sale, placing on it a value of $6,000, and asking a cash payment of $4,000. That is probably one of the most extreme cases, but those are the facts in this instance, and that is the sort of thing for which my hon. friend is making a plea to-day.

Mr. FAIR: That is not correct.

Mr. CRERAR: Of course it is.

Mr. FAIR: No. The minister is taking a case at one extreme, but he is not going to the other extreme.

Mr. CRERAR: I did not interrupt my hon. friend while he was speaking, but I could cite other cases as well. The hon. gentleman made the plea that these farmers should get at least the cost of production. Well, how is one going to get evidence as to what is the cost of production? Let me give the committee some information as to how this soldier settlement account as a whole has operated. Current payments due from soldier settlers, that is payments coming due in the autumn of 1942 for the period from April 1, 1942, to

March 31, 1943, amounted to $983,000 in round figures. Of that total, $841,000 was paid, and I venture to say that this record compares favourably with what can be found on the books of any private mortgage company. It is not correct to say that the government was hounding these people to pay their debts. Proof of that is found in the fact that in addition to the payments from soldier settlers last year on current accounts, they paid over $257,000 in advance against future years. My hon. friend can consult any business house, any rural municipalities, any people who do business in the rural communities of western Canada; they will all tell him that their collections are in better shape now than they have been for many years. In the light of those facts, for my hon. friend to rise and endeavour to give the committee and the country the impression that this government is dealing harshly and hardly with these soldier settlers is wholly misleading. On reflection I think my hon. friend would agree that such criticism is not very wide of the mark.

The hon. gentleman outlined some of the benefits that have been given to returned men. There is no doubt that the soldier settlement scheme was hastily improvised following the last war, and in many cases too much was paid for land, equipment and live stock. It will be recalled that this scheme became operative in the latter part of 1919, and during 1919 and 1920 inflation did its deadly work as far as costs were concerned. Everyone knows the inflated values of land, live stock and farm machinery at that time. From 1914 to 1920 the prices of farm machinery in this country practically doubled.

Mr. GILLIS: Why?

Mr. CRERAR: Because we were in the midst of a serious inflation. I remember that hogs were selling at 20 cents a pound live weight.

Mr. GILLIS: Because somebody wanted to exploit the public.

Mr. CRERAR: No; my hon. friend is quite wrong in it. There was inflation all along the line, in wages, in the cost of goods, in the price the farmers received for their products. While farmers were selling hogs at twenty cents a pound live weight and beef cattle for something like fourteen cents a pound, they were paying $8 a hundred for flour and twenty-six cents a pound for sugar. That was the result of the inflationary spiral that took place at that time and, just as an aside, that is one of the things we have tried to prevent during the present war. I merely mention that to emphasize the fact that the returned men who settled on the land at that time were placed under very severe handicaps, which were recognized later on by parliament and the country. Then, through reductions of one kind and another, and under the provisions of the Farmers' Creditors Arrangement Act, an effort was made to get this whole thing into a fair balance; and on the whole I think that has been successfully achieved.

I repeat that to meet the hon. member's request and wipe off the outstanding indebtedness of soldier settlers would be unjust to those settlers who paid off their debts and to-day have title to their land. Why, during the last year several hundred of these soldier settlers have paid off what they owed on their land and acquired title to it. I can assure hon. members that the government has no desire to deal harshly with any of these men. We recognize what they did from 1914 to 1918 but, after all, governments have to shape their policies in line with the general good. If to-day we took the action urged by my hon. friend and wiped off the existing indebtedness of soldier settlers, it would be a gross injustice to those who have met and are meeting their obligations.

Mr. FAIR: In reply to the minister's argument—

Some hon. MEMBERS: Carried.

Mr. FAIR: It is not carried yet. If hon. gentlemen who are silent most of the time want to go home, that is all right with me; I have a case to present for the soldier settlers, and I am going to present it. The minister says that the treatment given was all right. I am not satisfied that it was all right, and the trouble that exists at present is a direct result of the fact that the treatment was wrong in the beginning. Inflated prices were paid, and as a result these men are still suffering. The minister says that gross injustice would be done to those who have obtained title to their land if these settlers were given clear titles. I must say that the number who have obtained title is not very large. When we look at the figures we find that something like 2,750 altogether got title to the land up to two years ago. That is not a very great figure, out of 25,000, after twenty or more years. A number of those who had got title perhaps did not pay such a high price for their land, live stock and other equipment. Then again, perhaps they had a succession of crops without failures. I know a number of those who have gone under were victims of crop failures, for different reasons, so that I believe that takes care of that particular point.

Again, the minister told us that a number of these men could not succeed, no matter what the conditions were. I will agree with that, because I believe a number of men who were settled on the land should never have been settled there. They were not fitted for farming, and would have made a success if they had been placed in some other line of work.

Then the minister spoke about the organizer of the Saskatoon conference. I am not making any case to-day for the organizer of that conference. I do not know who the man was. I did see some letters in the *Western Producer* which led me to believe that the minister's statement was not quite correct. I am speaking about this matter in general, and I am not picking out any who are well to do, or any others who are very, very poor. I am talking for those who are on the land at the present time, and also for those who have been on the land, but have been compelled to get off.

Then the minister asked who could estimate the cost of production. Time and again I have pointed out to the government that industry has been able to get statisticians and accountants who could work out the cost of ships, planes, guns and everything else needed for the war. If they were not able to do that, how in the world would we have paid out all the money we have paid out, and have remained satisfied to pay it.

Again, when speaking of cost of production, let me ask the minister this question: Has the government ever estimated the cost of the interest on credits advanced to soldier settlers; and if they have, what is the percentage in excess of actual cost. The minister said that current amounts payable for 1942 amounted to $983,000. That is the amount which should have been paid. Actual payments were $841,000. The minister will not dispute the fact that at the present time we are getting much better prices than we have had for a number of years. In 1942 we had the best crop Canada ever had—and I say "best", because there were not many crops grown in western Canada before I went out to that country.

Another reason is the price being paid for live stock to-day. May I give the minister one more reason, in case he has forgotten it; I have given it once before, but I shall repeat it. During the period from April 1, 1941, to March 31, 1943, there were 253 settlers who signed quit claim deeds, and 108 were served with 30-day notices. I say without fear of successful contradiction that the fear of being driven from their homes has been the cause of many people going to the insane institutions in Canada. We have many there now, and we will have more before this matter is cleared up.

Conditions on the farm, both for soldier settlers and for civilians have been drastic and, to a very great extent, have been ignored because the government is not concerned. If the government cannot find statisticians and accountants in Ottawa, then let them go out and get the information from some of the farmers. I am not seeking either the highest or the lowest cost of production. But we can at least strike an average, and when the average has been struck we should get at least a parity price, or the same treatment as is being accorded to labour at the present time.

I am not complaining about the manner in which labour is being treated to-day. We know it is performing a necessary service, and they are being paid a good wage. Why not use exactly the same means to figure out the cost of production of farmers? I believe the figures I have given the minister will possibly set him right as to the reasons for the 1942 payments being as near meeting current accounts as they did.

During the past years western provinces have enacted debt legislation for the protection of farmers and others. That legislation has always been wiped away—or at least it was, until the measure which was passed the other day. I have in mind the one which took the place of the former Farmers' Creditors Arrangement Act. That is one more reason which the minister might consider, and for which he must take some responsibility, for having the payments brought up so very close to what they should be in 1942.

He has said that between 1914 and 1920 the price of machinery almost doubled. I tell him he had better check his figures, because since 1920 we have had a far greater increase in the price of farm machinery than we had between 1914 and 1920.

The minister said we were paying $8 a hundred for flour and $26 a hundred for sugar. At the present time we are guaranteed 90 cents a bushel for our wheat. Because of gambling, to-day the price is $1.07 or approximately that, and that price has existed only for the past few weeks. In 1920, when those fancy prices were being paid for flour and sugar, does the minister remember what the price of wheat was? Does he remember that at one time it went as high as $3.60 a bushel? Does he remember that at that time, when the farmers

had a chance to pay off some of their debts, the government set up a wheat board to cut down and to control the price of wheat? Did they set up a board to cut down the price of machinery, and other things the farmers are compelled to buy? No, they did not. It was not in their interests to do so. The minister has said that people have acquired titles in the past few years. I think the records will show what number of titles have been acquired. And because my speech was broken the other day I shall read again into the record the speech delivered by the late Sir Robert Borden to the Canadian Expeditionary Force in 1917. I say it is important that this parliament should do its duty to the men of the last war. This is what he said:

> You are men actually facing the enemy day and night. You are suffering greatly from fatigue, over-strain, and lack of rest. The marvel of it is that men could undergo such a strain without breaking; but you have never yet broken, and history will appreciate that in days to come.
>
> You men are about to enter one of the most serious engagements that ever faced the Canadian corps. I cannot, at this moment, give any information as to where this attack will be staged, whether it be successful or not, it is to be borne in mind that it will not be an easy success. . . . We feel confident that you will succeed where others failed; for you have never yet failed in anything you have set your hand to, as a Canadian corps.
>
> You can go into this action feeling assured of this, and as the head of the government, I give you this assurance; that you need have no fear that the government and the country will fail to show just appreciation of your service to the country and empire in what you are about to do and what you have already done.
>
> The government and the country will consider it their first duty to see that a proper appreciation of your effort and of your courage is brought to the notice of the people at home, and it will always be our endeavour to so guide the attitude of public opinion, that the country will support the government to prove to the returned man its just and due appreciation of the inestimable value of the services rendered to the country and empire; and that no man, whether he goes back or whether he remains in Flanders, will have just cause to reproach the government for having broken with the men who won and the men who died.

I am trying to bring to the attention of the committee and of the country the duty that we owe these men. In conclusion, let me say:

> We love our nation's heroes dead,
> We very much adore 'em,
> And since they haven't to be fed
> We build grand tombstones o'er them.

These lines are not funny; they are incredibly, bitterly, damnably true. Let us clean up this mess.

Mr. QUELCH: I had intended to speak at some length on this question, but since the hour is getting late and the hon. member for Battle River has spoken at some length, I shall be very brief. The minister stated that the request put forward by the hon. member for Battle River represents only a small number of soldiers, and he referred to the meeting at Saskatoon. I think he overlooks the fact that the legion in annual convention at Calgary passed a similar resolution, and the legion to-day speaks for a large percentage of the soldiers of this country.

Mr. CRERAR: I am not aware that the legion organization had asked for the wiping out of all soldier settlement debt.

Mr. QUELCH: The hon. member for Battle River read a resolution to that effect passed by the Alberta legion. I did not say it was the legion representing all Canada. The minister said also that it would hardly be fair to the soldiers who have paid off their debts if we wiped out or greatly reduced the debts of other soldiers. That argument would apply to all debt legislation; it would be equally true of civilian debts. If the minister's argument is a sound one, we should wipe out the Farmers' Creditors Arrangement Act; we should do away with all debt legislation. I think one realizes that where a person can pay, he should pay, but where he cannot pay, then a reduction will have to be made. That is in regard to civilian debt. In so far as this soldier debt is concerned, I believe we would have been better off if we had wiped out the whole debt at the start, because the cost of administration has practically equalled the amount of the debt. I think most of us feel dissatisfied with the government's policy regarding soldier settlement. There are only 7,000 soldiers still on the land, 2,000 of whom have no equity in their land. I should like to quote one paragraph from the report of the special committee on land settlement which sat last year. It reads:

> 3. The minister may with the approval of the governor in council appoint a committee of not more than three members to be known as the adjustment committee at such rate of remuneration as the governor in council may fix and allow and for a period of not more than twelve months with powers to review and confirm or reduce the indebtedness of soldier settlers whose agreements with the director of soldier settlement were the subjects of proposals formulated under the provisions of the Farmers' Creditors Arrangement Act prior to October 1, 1939, or in the case of such other soldier settler as may be recommended by the director, with

the objective if feasible and practical of establishing an equity for the settler; provided that the settler is in personal occupation of the land and that such agreements have not been terminated, rescinded or assigned.

The minister is fully aware that there was considerable discussion on that section. I think the majority of the committee were in favour of applying the principles of the new act to the soldier settlers of the last war, so that they might be given an equity of forty-three per cent and have their interest rate reduced to three and a half per cent. I must admit that I am amazed that no provision has been made up to the present time to cut the rate of interest on the old soldier settler debt to three and a half per cent in order to make it conform with the interest charged the settlers of this war. As I said, the discussion at that time was in favour of giving the soldiers of the last war an equity in their land, and I definitely had the understanding that was going to be done. I was amazed when order in council P.C. 10472 was passed, and I received a circular letter, from which I quote as follows:

(b) make application to the director for a reduction of his indebtedness to the director, and the treasury board may on the recommendation of the director confirm or reduce such indebtedness, provided, however, that the recommendation made by the director shall be based upon the amount which in his judgment constitutes the present and prospective productive value of the land; the effective date of reduction if any shall be the standard date in 1942.

Apparently the order in council does not provide for the giving of any equity in his land to the soldier; it merely reduces the debt to its present-day value. As the minister must know very well, if it is considered necessary to give the soldier settler of the present war a forty-three per cent equity in his land, in order that this soldier can carry on, how can it be expected that the soldier settler of the last war, who is now getting along in years, whose equipment, generally speaking, is in poor shape, whose buildings have depreciated, can get along even though the debt is extended for another twenty years? As I say, if the soldier of this war cannot do it with a forty-three per cent equity and new equipment, how can we expect the soldier of the last war to do it with no equity in his land, with worn-out machinery and with depreciated buildings? It absolutely cannot be done. Imagine, how the soldiers felt when it was suggested that their debts should be amortized over another twenty years! They have not been able to pay them in twenty years, and they will not be able to do it in the next twenty years when they are getting that much older.

[Mr Quelch.]

In spite of the fact that the order in council does not make any provision to give the soldier settler an equity in his land, the soldier settlement board is taking a more liberal view of that order in council. But why should the director of the soldier settlement board be handicapped by having to take action which really is not in conformity with the order in council? The order in council does not provide for the giving of an equity, and yet I believe the soldier settlement board is granting a certain equity. The director should not be placed in a position where he has to go beyond the provisions of the order in council.

I am worried about the soldier settler who has no equity in his land. He is getting on in years and he cannot do the work himself. He now finds himself in a position were his farm will not pay sufficient to service his debt, keep him and his family and pay for a hired man to do the work. It has been suggested that such a man should sign a quit-claim and leave the land. Where is he to go? It may be said that he could live on his war veteran's allowance, but I ask any hon. member if he would like to wander around Canada and try to establish himself on $20 a month. It is not so bad if a man is married, for then he would receive $40, but a single man getting only $20 or $25 a month will have pretty heavy going. I think it is high time the government faced this situation realistically. The minister probably considers that this problem will solve itself, because it is only a question of time before these soldiers all die off. But that is not the way to deal with the problem. I am going to make a suggestion to the minister which I think is a reasonable one and will not cost very much money. The government should erect a number of medium priced cottages located in some pleasant surroundings for instance on the Pacific coast and let these old soldiers who cannot work any more live in them rent free. Ownership would not be given over; they would simply be permitted to live there rent free on their veterans' allowances and finish out their lives in peace and contentment.

Mr. JOHNSTON (Bow River): I know the time is getting late and I am not going to take up any time other than to say that I associate myself wholeheartedly with what the hon. member for Battle River and the hon. member for Acadia have said.

Mr. BLACKMORE: I should like to put one question to the minister. Two or three times when matters like this have been raised we have been asked, "How are you going to compute the cost of producing any agricultural

commodity, such as wheat?" In return I ask, "How do they compute the cost of a mowing machine?" There seems to be no difficulty in computing that and determining what the farmer must pay. There seems to be not the slightest difficulty in determining the cost of a suit of clothes which the farmer must buy, or a pair of shoes. How are those costs computed? If a group of men went to work with thorough zeal to compute the cost of producing oats and barley and other farm commodities, I think they would have no difficulty in doing so.

Mr. GILLIS: I have had considerable correspondence in the past with the department on matters of this kind, and I am led to make these remarks to-day on account of the minister's observation that a lot of the difficulty to-day is owing to the inflated prices of land after the last war. We are going through a similar experience now. We have a land settlement scheme and there will be hundreds of soldiers who will settle on the land after this war. I am anxious that we shall not permit those who wish to make money out of the exigencies of war to create a situation similar to what we have now; that land speculators, looking ahead to feather their own nests, shall not be permitted to put their representatives on these boards. Most of the land to-day in western Canada and to some extent in eastern Canada is in the hands of the mortgage companies and banks. If you will note the personnel of the boards that are being set up to administer the soldier settlement scheme you will see that these are the very people who are in on the machinery that is going to administer the scheme. The subject of inflation is conveniently brought in every time that the interests of the common people are affected.

Let us, however, clarify our minds on this subject. I do not claim to be a monetary expert. I have another term than inflation for what is going on. It is profiteering, robbery, some people taking advantage of their country's emergency to make things easier for themselves and to guarantee their future at the expense of the country. Look at what happened in Britain. During the first seven months of the war, prices increased by twenty-five per cent. There was no ceiling on wage rates at that time, but prices of commodities were sent up by those who sought to take advantage of the confusion. Then from December, 1940, until the end of last year wage rates and the salaries of the mass of the people went up as high as thirty-seven per cent in some cases, and during the same period the increase in the cost of living was only 3·3 per cent. So that it is obvious that the run-away in prices during the early months of the war was not caused by any economic disturbance in the wage rates and salaries of the great majority of the people.

I shall not go into details now, but the conditions I have described are to be found to some extent in my own part of the country, and the minister and those who devise the regulations will have to understand that all cases are not the same. There are men on the land to-day who took up the land twenty-five years ago and raised a family of boys and girls who have since grown up. Markets changed, and many of the settlers eventually found themselves unable to discharge their obligations. Some administrative latitude should be allowed to take care of these cases. I would not say that the obligations should be wiped out altogether, but a careful examination should be made of cases where there are hardships and if there are extenuating circumstances, some latitude should be allowed. I do want to urge on the minister at this time that land speculators be not allowed to go in and create a similar situation to what we had after the last war.

Item agreed to.

DEPARTMENT OF FINANCE

46. Departmental administration, $466,942.

Mr. REID: Even at this late stage of the session there is a matter of importance which I must bring up. I raised the question of honey prices in British Columbia when the minister's estimates under the war appropriation were before the committee, and on the following day the minister was good enough to bring down to the house an answer given to him, I suppose, by the wartime prices and trade board, in which the statements made by the beekeepers of British Columbia were contradicted. I immediately air-mailed the minister's statement out to the beekeepers, and I am taking the opportunity now on behalf of the beekeepers to refute the statements given to the minister, I presume by the wartime prices and trade board. I make the statement that the board have given him wrong information, and I am going to place on the record alongside the statement the minister gave, the latest information I have received from the beekeepers of British Columbia. I received this letter from the British Columbia honey producers' association:

For your information I want to say that the cost of a 14-ounce jar of British Columbia honey before the war was 25 cents. A one-pound jar sold for 30 cents, although the cut

rate departmental stores occasionally priced these as specials at 23 cents and 28 cents respectively. Imported honey—mostly sweet clover—from the prairie provinces usually sold in the larger stores at from three to five cents lower after paying transportation charges from distant points to Vancouver.

By the way, there are 5,000 beekeepers in British Columbia.

The letter continues:

Over 90 per cent of our beekeepers must sell their product direct to the public, mostly in 4-pound cans, the pre-war price of which was 80 cents plus the cost of the container. The ceiling price allowed by the wartime prices and trade board for a 4-pound can is 67 cents plus the container.

The cost of beekeeping supplies has increased about 20 per cent. Wages of helpers are considerably higher; yet the British Columbia beekeepers are compelled to sell their honey at a lower price than formerly in face of the increase in the cost of living. Mr. Ilsley ignores the fact that Mexican honey of very inferior quality is being sold to the general public in competition with our own honey. This honey can be bought at many of the chain and departmental stores regardless of the minister's statement that some imports of Mexican honey were authorized for sale or use by industrial users of honey or contractors operating logging camps. I personally interviewed the manager of the Safeway Stores here in New Westminster yesterday, and was shown a 12-ounce jar of Mexican honey, grade No. 2. The price was 24 cents for 12 ounces. The quality was very inferior and, in my opinion, unfit for table use. The sale of this kind of stuff to the public is detrimental to the Canadian honey industry as many people who, owing to the scarcity of sugar, may buy honey for the first time will probably swear off honey for life, after tasting this Mexican stuff. British Columbia beekeepers are rightly proud of the quality of their honey. As you know, their honey displays at the fall fairs of New Westminster and Vancouver were for many years the largest and finest of any in the dominion of Canada. They have consistently secured the highest honours for quality year after year whenever they have exhibited their honey at the imperial fruit and honey shows in England, in competition with not only the rest of Canada but with the whole British empire. The majority of the awards came to British Columbia beekeepers, which can be verified by the report of our agent general for British Columbia, Mr. A. W. McAdam.

Here is a serious statement, and a serious situation. A price is set for honey all over Canada which is far lower than the pre-war price for honey in British Columbia. On top of that, imported honey of a much inferior grade is being imported into British Columbia from Mexico and selling for 35 cents a pound, whereas the price for our local honey has been set by the wartime prices and trade board at only 15½ cents a pound. I am sorry I have not brought a sample of this Mexican honey with me; it is being airmailed to me, as the following letter shows:

[Mr. Reid.]

I am forwarding you a parcel containing two small samples of honey just as I received them from Mr. C. L. Dimock of Smithers, B.C. This is the honey mentioned in my previous correspondence with copy of Mr. Dimock's letter.

The white honey is British Columbia honey produced in Smithers, that Mr. Dimock is allowed to sell retail at 15½ cents in bulk. The dark honey is what Smithers merchants sold, according to Mr. Dimock, for 30 cents a pound.

The other part jar is a sample of Mexican honey purchased by a neighbour from Safeways, Ltd., New Westminster. She says she was determined to eat it, after paying such a high price for the stuff, but that her courage failed her by the time it was half gone and she gladly gave it away. I think you will agree with my opinion that it is unfit for table use.

What is the wartime prices and trade board going to do about it? Here is stuff coming in that is not fit to eat and being sold at 35 cents a pound, while the price of our own local honey has been fixed at 35 cents a pound. I ask the minister to take the statement I have put on the record from the British Columbia honey producers' association back to whoever gave him his information and have them put on the mat. I should like to be there during that interview because I know a little of the subject I am discussing. We have another grievance. The minister pointed out that pasteurized honey can be sold at 1½ cents per pound. That is very nice. But what do you think has happened? There is a method introduced by some honey producers in Ontario called the Dyce patented process of pasteurizing honey, and although the beekeepers of British Columbia have been pasteurizing honey for the past forty years, their pasteurization is just swept aside and they are not allowed to come under the price of 1½ cents. They must use this patented so-called Dyce process. We claim that is a hold-up and that our method of pasteurizing honey should be recognized. I would ask the minister to take these statements seriously into consideration in the light of the conditions that exist to-day and have the matter further investigated.

Mr. ILSLEY: I shall have the hon. gentleman's statements carefully investigated.

Mr. McLEAN (Simcoe East): I suggest that there is a serious defect in the method of procedure by which the House of Commons deals with the items of supply submitted to us for approval. There is no adequate procedure by which we may put ourselves in a position intelligently to deal with the amounts submitted to us for our approval. Year after year, and this year again, I have heard criticism of the government for having the estimates dealt with so late in the session in

large amounts. But no matter at what time they are dealt with, the weakness I suggest would still be there. I am going to vote that this item before us be approved by the committee, but I am not in a position to judge whether or not the amount asked for, or an amount somewhat less, might be sufficient to carry on adequately and properly the work of the department. If I were to ask any other private member of the house whether he is in a position to determine that question, he would have to answer, no. The same applies to the vast majority of items submitted to us. How can we know? What method is there, what procedure, by which we can put ourselves in a position intelligently to vote on the amounts submitted to us? True, we can ask the minister questions, and I think all hon. members will agree that the minister now presiding has had infinite patience throughout the session in answering questions. We might ask all the questions we liked and he might answer to the best of his ability with the assistance of the officials in front of him. During the session we can put questions on the order paper or have motions passed for the production of papers and for orders for returns and all that sort of thing. But every private member will agree that these methods are cumbersome and slow and entirely inadequate for the purpose I have in mind.

It is also true that any individual member, if he has initiative and is persistent enough, may dig up a certain amount of information for himself, with regard to the administration of this, that and the other branch. But I do submit that it should not be necessary for a private member, in order to discharge the duty which he owes to those who elect him, to put himself in the unenviable position, if I may use a crude phrase, of poking his nose into the affairs of this, that and the other department. It should not be possible that members of the staff should be subjected to criticism or censure because of the suspicion that they might be supplying to private members information regarding their branch.

It is the right of every private member, more than that, it is his duty, to familiarize himself with the method by which all public money is expended. It is the right and the duty of every private member, by some regularly established procedure, to be able to judge whether or not economies and improvements are possible in the administration of any department of government for which he is asked to vote supply. If I were to ask other private members whether they think that as regards seventy-five per cent of the items submitted to them for approval, they are able to determine whether it is possible that, with care and economy, the amount they were asked to vote might be reduced two, five, ten or twenty per cent, if they answered truthfully they would have to say no. They do not know; they are not in a position to know. Our procedure does not provide any means by which they may put themselves in that position.

This is not criticism of the government. Is it not a fact that when we vote on seventy-five per cent of these items we vote blind confidence, not just in the members of the cabinet—I have a high degree of confidence in the members of the cabinet—but blind confidence that those who are assisting and advising the cabinet, the members of their staffs, from the deputy minister down, at all times and in all things give adequate consideration to the interests of the taxpayers? This is not criticism of the government. If there is a weakness in our system the effects of that weakness will operate no matter what government is in power. Nor is this criticism of the staffs. The most efficient members of the ministers' staffs, the most valuable civil servant, valuable as he may be in carrying out the work of his department, may be, by reason of his background and training, lamentably lacking in appreciation of dollars and cents, just as in private enterprise there are many very valuable employees, highly skilled men, men indispensable to the organization in other ways, perhaps men in charge of sales or of advertising, or research, who nevertheless are likewise lamentably lacking in a conception of the value of dollars and cents, and who must be continually checked up. And private enterprise does not fail to provide that check.

In what I am saying with regard to the estimates, I am not referring of course to the great bulk of our war expenditures. We have the war expenditures committee, and it is supposed to deal with those items. Here I am dealing only with ordinary expenditures. My suggestion is that a method should be adopted by which private members will be in a position to judge intelligently on the amounts of supply submitted to them for their approval. It may be recalled that last session I took occasion, at some length and in great detail, to submit to the house examples from one small department of what I regarded as waste, inefficiency, lack of economical organization and the unnecessary expenditure of money. I do not propose to follow that course at this time. I have not done so this session.

If I were to judge by any morsel of support I have received in this house I should have to come to the conclusion that I was all wrong. But, Mr. Chairman, I was not wrong. I can assert now that the statements I made on that occasion were mild in relation to matters as they were at that time and as they are still, to a very large extent. I am not going to pursue that further; my statement is on record, and it has not been challenged.

I want to suggest now a change in our procedure in order that private members of the house may be able to familiarize themselves with all these matters and be in a position to vote intelligently on every item coming before us. I suggest that immediately the house assembles for the next session a committee be set up, with wide powers of examination, to which the estimates shall be submitted. It may be recalled that early this session the Prime Minister announced that he was considering setting up such a committee, but that before doing so he wished to consult the leaders of the other parties. I do not know whether that consultation took place, or, if it did, what was the attitude of the leaders of the other parties, but for some reason or other that action has not been taken. I should think that, from the point of view of carrying out efficiently the important functions of an opposition, this would be the very thing opposition members would want. This is precisely what we do in connection with most legislation. When an important bill is brought before the house by the government very often it is referred to a select committee. That committee may sit as often as it wishes; it may call as witnesses anyone inside or outside the service, in order to become familiar with every detail and all the implications of each section of the bill. Any hon. member who is interested, even though he is not a member of the committee, may sit in and listen. The proceedings of the committee are printed and made available to all members of the house, and the time of the whole house is not taken up with the matter while the committee is dealing with it. Then when hon. members have to vote on that bill there is no reason at all why they should not do so intelligently and with full knowledge of what they are doing.

That is precisely what I think ought to be done in connection with this other important function of this house, namely the voting of supply which must be provided through the taxes of the people whom we represent. Someone may suggest that this is the function of the public accounts committee. I entirely disagree. Usually it has been the function of that committee to investigate suggestions or charges of maladministration, something culpably wrong; and we all know that the tendency is for members of the opposition to try to produce evidence of maladministration and perhaps exaggerate it, while on the other hand members supporting the government offer a defence and attempt to minimize it. Invariably considerations of political advantage or disadvantage intrude into the deliberations of the committee; they always have and I suppose they always will. I do not think that sort of thing would occur in a committee on the estimates. A critical examination of the estimates, involving as it does possible recommendations in regard to reductions, it seems to me is not the sort of thing which would involve any considerations of political advantage or disadvantage.

I fancy I hear someone say that this is the responsibility of the ministers in charge. It is the responsibility of a minister to see that his department is run with due regard to economy and care, but surely a private member has a responsibility in this regard also. I suggest that we should be put in a position properly to discharge that responsibility. Furthermore, cabinet ministers, especially those newly appointed, have to depend largely on their staff for advice and assistance. I imagine that the primary object of a minister is to have the work of his department carried on as efficiently and smoothly and with as little friction and trouble as possible. I can quite imagine that the recommendations of this committee in regard to changes, reorganizations and so on if made only by the minister might not tend towards smoothness and lack of friction in the working of a department, but I think such a committee would be of very great assistance to the ministers in running their various departments. I think it would be of great assistance to the Minister of Finance. I hope he does not think that instead of being a help such committee would immediately recommend extravagant expenditures. I hope that is not in the back of his mind; I think that would be wrong.

Mr. ILSLEY: It was in the back of my mind, I may say.

Mr. McLEAN (Simoce East): Well, in passing I should like to say to the minister that some things have been said in this house which perhaps would justify that doubt in the back of his mind, but my advice to him, speaking for myself only, would be not to pay too much attention to the attacks on the

treasury board that have come from various parts of this chamber. I have been alarmed at the numerous thrusts that have been made at that essential board, made by hon. members, coming from almost every party, and I want to give the minister my opinion for what it is worth. I do not think these attacks represent the considered opinion or attitude of the vast majority of the members of this house; I am sure they do not represent the considered opinion of the vast body of taxpayers in Canada. So far as I am concerned, and I think so far as the house is concerned, in these days of high taxation we should lend all possible support to the Minister of Finance and the treasury board instead of trying to weaken the confidence of parliament and the country in that valuable organization. When I hear demands from every quarter for increased expenditures, with nothing said on the other side, I sometimes fear for the future of this country. Therefore, I hope the minister will not pay too much attention to the attacks that are made on the one organization that is trying hard to protect the interests of the taxpayers.

No matter what may be our ideas in regard to economic and monetary matters; no matter whether the government obtains money through taxes, or by borrowing, or by printing it; whether it is this government, the provincial governments or municipal governments, in these days we must realize that when we spend money, in the last analysis that money has to be paid for in one way, and one way only. It is paid by the labour, by the sweat of the brow of our taxpayers, high and low, or else from the savings of those people which have been earned by the sweat of the brow and accumulated through habits of thrift. We must remember that in each constituency there are thousands of individual taxpayers who for the first time are paying direct taxation to the federal government. What is more, there are thousands more whose direct taxes have been increased to an extent never before thought possible or necessary. When I go back to the people of my riding, and they ask me whether or not it would have been possible to relieve their burdens a little through exercising a little care here or a little care there, a little more economical organization, I have to tell them that I do not know. I cannot give them that assurance. I have not that assurance myself, because the procedure we follow in dealing with estimates is not such that I can secure that measure of information which would enable me to give that assurance.

I know that in view of the colossal amount of money necessarily being spent in the prosecution of the war there are many hon. members who will say, "But after all, the point discussed by the hon. member is very insignificant." Well, I confess I am attacked by that feeling myself. But when I go home I find a most effective corrective when I see the care, the planning, the labour and the energy expended by little groups of people in every community who, loyally and voluntarily, are carrying out the plea of the Minister of Finance to promote the sale of war savings stamps. The sales in each small community are comparatively small, but when taken over the whole dominion the amount is most impressive. I was delighted that in his budget speech the Minister of Finance saw fit to pay tribute to these small groups of workers. Many of these people are overworked and have suffered the headaches involved in the production of munitions and food, under very difficult circumstances. When I see these people, regardless of class, regardless of party and of circumstance, voluntarily and willingly throwing themselves into the sale of war savings stamps and war bonds, I am convinced that the tribute of the Minister of Finance was well merited. I believe we owe to those people the assurance that if there is any method capable of adoption which will result in better administration, in economies here and there to lighten the burden of taxation being imposed upon them, then I think it is our duty so to act in their behalf.

I suggest therefore, Mr. Chairman, that this method be adopted. I believe nothing better calculated to promote economy and efficiency in administration could be done than the appointment of a fairly small select committee, with wide powers of examination, to whom all estimates would be referred for examination and recommendation. Possibly they would not be able to handle all departments in one year, but they could work on one or two. I believe this would be of the greatest assistance to the government, and that it would help to bring about a better and a more economical administration. Nothing could be done more calculated to assure the people of Canada that we are carrying on the work committed to us with the same degree of care, economy and frugality repeatedly urged by the Minister of Finance on the people of Canada. I suggest, Mr. Chairman, that the government seriously consider the formation of that committee at the next session.

Mr. ILSLEY: I greatly appreciate the remarks of the hon. member, and I should like to hear more speeches of the kind made in this chamber. I have the feeling, as I sit month after month, for five or six months, that the

temper of the house is one which favours fairly free expenditures. From every quarter and from all parties we have demand after demand for the pouring out of government funds on one project or another. I stand against a great deal of it, as best I can. My advocacy of the position taken by the hon. member might be considered as professional, in view of my position as Minister of Finance. It gives me a great deal of encouragement when I hear speeches such as the one which has just been completed. But may I tell him that in case he may underestimate the influence of a speech of that kind, he ought not to do so, because, let me assure him, it has influence, and it is good.

With regard to the appointment of a committee to examine estimates, let me say that from my point of view I should not want that committee to have the power to recommend increases in expenditures, because, if it did, it certainly would make such recommendations. For instance, if such a committee were to examine the estimates for the Department of Finance I am sure, if they understood the work many of my staff are doing and the salaries they are receiving, they would recommend increases in salary in many instances. The end would be effected only if there were no power to recommend increases. If such power were given to a committee one would be subjected to pressure from every part of the house to correct this or that situation, and the allegations would be made that certain injustices were being done—and in most cases there would be no injustice.

Mr. REID: Especially if we were drawing near to an election.

Mr. ILSLEY: Yes.

Mr. McLEAN (Simcoe East): The rule applying to all committees is that they cannot make recommendations of that kind.

Mr. ILSLEY: But, within the rules, they can recommend that the government give consideration to the advisability of increases.

Mr. NEILL: It would lead to log-rolling.

Mr. ILSLEY: Yes, exactly. In that connection I would draw the attention of hon. members to recommendations—a long list of them—pointing out to the government the advisability of an increase here, an increase there and an increase somewhere else. In many instances these recommendations are traceable to political pressure—possibly I should not say political pressure exactly, but to pressure by certain special sections of the population.

Mr. REID: Which would be political.

[Mr. Ilsley.]

Mr. ILSLEY: Yes, which would be political. If that qualification were added, I believe such a procedure would save much time for the minister and departmental officials, and I would not see anything wrong with the hon. member's proposal. From my point of view, however, the condition I have stated would be necessary, and it is one which I believe would be objected to. I think members of the committee would say that in order to make an intelligent report they would have to have power to recommend increases as well as decreases. If they had that power, the reports of such committees on estimates would develop into reports recommending to the government consideration of the advisability of considerably increasing the government's outlay.

Mr. GRAYDON: I listened with a good deal of interest to what was said by the hon. member for Simcoe East (Mr. McLean). I have no desire at this time to enter into a lengthy discussion because I think that would be entirely inappropriate, but I wish to point out to the minister, to the hon. member and to the committee that we get reforms only by exploring the various avenues through which reforms can be accomplished. During both the early and later stages of this session I suggested to the government, and I think this suggestion might be repeated to-day, that this problem which has been brought up by the hon. member and spoken to by the minister, is one of the important problems which face members of parliament and the government in a war-time session such as this.

I think there is a feeling in the country and in this chamber that there are many reforms that could be made and that the machinery of our parliament could be brought up to date and some of the cobwebs swept away. I felt that this problem should have been tackled at the beginning of this session by setting up a committee which would have had as its special responsibility the investigation of how this parliament could more efficiently serve the people of Canada at this particular time. The call for parliamentary reform is an urgent one, and one which needs repetition at the present time. The reform suggested by the hon. member for Simcoe East is one which I think all of us would want to consider most carefully, but he should be commended for having brought it before the committee, as should other hon. members who have made similar suggestions.

I am hopeful that at the beginning of next session the government will appoint a committee to look into the whole problem of our rules of procedure and the organization of

our parliament in order that there may be a more effective and better scrutiny of public expenditures.

Mr. REID: Bring it up to date.

Mr. GRAYDON: Bring it up to date. I do not think there can be any real argument about that. It is not a question of finding fault with the government, because the government is operating under a peace-time system, and an old peace-time system. When I made my suggestion at the beginning of the session it was supported by a number of members on all sides, but the Prime Minister took the view that nothing should be done until peace had been declared. But I think we should prepare for peace in times of war. For a number of years I have had the feeling that there is a lot of waste man-power in the House of Commons. This is not the fault of the members generally; it is largely the fault of the system under which we work. Instead of dealing with the matter piecemeal; instead of setting a committee up as an experimental committee to see how it works, I think we should make a survey of the whole situation, our parliamentary procedure and parliamentary machinery. Having surveyed this, having brought down recommendations, we could then go ahead and work out a more effective method of handling our parliamentary affairs which would meet with the approval of the public and make for a better parliament.

Mr. NEILL: I agree with most of what has been said by the hon. member for Simcoe East (Mr. McLean), with the exception of his suggestion about an estimates committee. I am absolutely opposed to that. This matter was brought up some fifteen years ago and at that time I think it more or less had the approval of the Prime Minister, but I opposed it at that time. The general sentiment was such that the discussion was ended then and there; the debate was adjourned and the matter was never brought up again. It is alleged that what he suggested would save the time of the house and of the cabinet, but it would not do any such thing. It would mean that the estimates would be gone over in a committee and then considered again in the house. The ministers and officials would have to attend in the committee and then go through them all again in the house later on. I am not going to be deprived of my right to talk about estimates that affect my district. I am not going to be told that these have been passed and approved or condensed by five or six or ten estimable gentlemen who have taken this action in my absence and without hearing my views. It might happen that something might be brought up in the committee which did not appeal to the members and be voted down on account of the lack of the benefit of the local knowledge of the member. He might not be able to be present at the committee and give the necessary details in connection with the expenditure. As I say, the cabinet ministers and the officials would have to attend in committee and then be here again when the estimates go through the house.

We are always told that our rights are not going to be taken away from us. We are told that we shall be able to bring up any matter in this chamber. Why do this twice? The present system is a protection to the ordinary member. We want to be very careful and not give away any of our rights, because we are losing them little by little. We may have to spend some time in listening to statements by hon. gentlemen which are of no interest to us but which have to do with the district they represent, but they in turn are ready to listen to us. That is our privilege and our protection. We can go home and tell our people that their grievances have been voiced.

Then there is the other side of it. We shall be told that since these estimates have been considered carefully in committee, they should not be discussed any further when they come to the house. I may say that that argument would not stop me, and there are many other members who will not be ready to keep their mouths closed simply because these matters have been discussed by a committee. The fact would be that very many of the items would be of no interest to the members of that committee. We had a good illustration of this the other day when the divorce bills were being considered. They were rushed through at the rate of about ninety-two bills in sixty minutes. We were asked why we wanted to talk about these when they had been carefully studied by a committee of the Senate and a committee of the House of Commons. The same thing would happen in connection with the estimates. We would be told that they had been considered by a committee. It might be that there was a bare quorum in the committee, or that it was getting close to lunch time and they were ready to rush things through. As I say, there would be an exact duplication of what happened in connection with the divorce bills. The estimates will be railroaded through in the same manner. That will be the inevitable result and we, the common members, representing the common people, will be deprived of our right to speak

for them. As I say, many years ago this matter was brought up, looked into and turned down.

I am entirely in accord with what the hon. member for Simcoe East has said, but the remedy is not to do it by way of a committee. You would not be curing an evil, you would be perpetrating a worse evil. We who represent the common people would not be heard at all; it would all be done in the committee. Many private members would not have even a chance to be on these committees unless they had party affiliations. A worse evil would be created than if we have to spend a few days extra here listening to Tom Jones talking about something in which we are not particularly interested. The price Tom Jones has to pay for that is that he has to sit and listen to me while I am talking, but that is part of democratic government.

Mr. DUPUIS: Mr. Chairman, I am in duty bound to ask the indulgence of hon. members of this committee while I say a few words about an urgent matter which seriously affects our farming community, and which comes under this item. It has to do with the restriction imposed by the wartime prices and trade board which forbids the ordinary farmer to sell his hogs in cuts on the local market unless he first obtains a licence to do so. I have discussed this matter with some of the officials of the board and recently with the hon. Minister of Finance, who seemed sympathetic. But since the matter has not yet been settled, I think the situation should be made public. But first I want to say publicly how much we appreciate the patience of the Minister of Finance in listening to us, despite the very heavy burden he has to carry and does carry so successfully.

This is a matter which concerns all the rural members representing at least eastern Ontario, Quebec and the maritimes, and I was told just a few moments ago that the same situation obtains in the west. Since the question has not yet been settled, I want to summarize the situation publicly in this house, which has the right to settle this acute question. I am bringing this matter up here on behalf of bona fide farmers who have been in the habit of selling hogs in cuts on the local market once or twice a week. These farmers, on account of the restriction imposed by the wartime prices and trade board, are now prevented from doing so unless they first obtain a licence from the board.

I, jointly with several other members representing rural districts of eastern Ontario, Quebec and the maritimes, have made a fairly complete investigation into the matter, and our findings are these:

The local market business is generally left to the farmers' wives who are in charge of raising poultry, eggs and hogs, which they bring weekly to the market to make money to pay the family's ordinary expenditures. They sell direct to the consumers, who prefer to buy fresh meat from the producers. Since they do not raise hogs in large quantity, they are not interested in selling to the abattoirs, because they have found by experience that the abattoirs have graded their hogs in a lower grade, with a consequent loss of money to the farmers' wives. This is probably owing to the fact that the farmers have not time to specialize in the proper grading of the hogs. So that if the licence is refused them, they will surely abandon the raising of hogs altogether. We are told that the production of hogs by these farmers amounts to approximately 100,000 hogs a year.

It seems clear to us that if the proper means to grant licences to these farmers are not taken, there will be a shortage of 100,000 hogs for local consumption, which the packing plant will be bound to supply to city consumers. It is evident that consumers must be supplied with meat and the only way to solve that problem is to allow these farmers to sell on the local market. In this way the packing plants will have just that much more at their disposal to supply the needs of our armies and those of our allies.

There are many ways of distributing these licences to the farmers. A large poster could be placed prominently in every local market, stating how the licences can be obtained. The clerk of the market or government inspector could be charged with the distribution of these licences.

The farmers are satisfied to collect ration coupons from the buyer. These coupons could be handed over to the clerk of the market or to the government inspector. In this way, not only could we contribute to sending a larger quantity of classified hogs overseas, but we would also prevent an injustice from being perpetrated against these farmers.

That is why I think this question is urgent, and why I have felt it my duty to bring it before the committee, so that it may receive immediate attention with a view to an early solution.

Mr. ILSLEY: As the hon. member says, he has discussed this matter with me on two or three occasions and, I think, with the officials of the wartime prices and trade

board. As he knows, one of the great menaces to the success of any rationing scheme is a widely scattered source of supply, and perhaps one of the reasons why it is easier to ration in Britain than in Canada is because in Britain it is easier to control the source of supply. For that reason, generally speaking, our rationing authorities have felt that they must see that the slaughtering was done by large slaughterers—I do not mean very large slaughterers but those who are doing a considerable amount of slaughtering. They are not able to carry that out in deficiency areas. To date they feel that they are pledged to carry out the rule in areas which cannot be called deficiency areas. At least that is my latest information. I would call situations like this to the attention of those members of the house who think the problems of rationing are not difficult in a country like Canada. There are some hon. members who think it would be very easy to put everything under control and make an equitable distribution by rationing, but as a matter of fact nothing is more difficult and vexatious to work out than a rationing system which will work without imposing on the population intolerable burdens of inconvenience and so forth.

All I can say to my hon. friend is that I will bring this matter once more to the attention of my officials and it will be given further consideration. I do not know myself what it may prove practicable to do.

Mr. DUPUIS: There is one feature I should bring to the minister's attention, namely, that on the Montreal market there are two types of people selling goods. First, there are the bona fide farmers who are allowed to sell there freely. Then, there are the pedlars or dealers who go around the county and buy up hogs of different types and grades and, in the guise of farmers, try to sell those hogs on the market. These are the people who were the first to ask to be granted a licence under the wartime prices and trade board. But they are not farmers. I am told by a number of hon. members that many of these traders make a black market, so that the result will be much worse than it is to-day; farmers will suffer injustice, and our war effort will be correspondingly hindered. I want the minister to know that, and I know it personally. I should very much like to see the wartime prices and trade board rectify this injustice, annul a policy which makes for black markets, and grant this concession to the ordinary farmer who sells one or two hogs on the local market.

Mr. QUELCH: I wish to discuss as briefly as possible the proposals which were put forward by certain officials in Great Britain, the United States and Canada regarding an international stabilization of currency and an international exchange union.

The Canadian officials in their pamphlet outline their objective in the following words:

> The establishment of an international monetary mechanism which will aid in the restoration and development of healthy international trade after the war, which will achieve a high degree of exchange stability, and which will not conflict with the desire of countries to carry out such policies as they may think appropriate to achieve, so far as possible, economic stability at a high level of employment and incomes.

The British proposals also outline their objective, in subsection (g) of section 1, in a very similar way.

I have read these proposals through carefully, and I have come to the conclusion that the officials of all three countries were apparently more interested in trying to find a profitable market for the gold of the world, more interested in trying to devise ways and means whereby the gold production of their countries might be utilized to dominate world trade, than they were to reach their declared objective, namely, to find ways and means of bringing about the freest possible exchange of goods as between nations.

I have looked through a number of periodicals, including the *Wall Street Journal,* the *Christian Science Monitor* and *Foreign Affairs Quarterly,* and I find that the majority of their writers seem to take the same view. I will quote what John H. Williams has to say in the last number of *Foreign Affairs*:

> Not only are the two plans fundamentally similar in their mechanical aspects—

He is here referring to the British and United States plans.

> —but the monetary mechanism provided in both is essentially a gold standard mechanism.

Then, referring to the Keynes plan, he says:

> One can read fairly readily between the lines that these provisions are due not to any great concern about gold on Keynes part but most likely to his recognition of the political requirements of getting his plan accepted. With the British empire the principal gold producer, and the U.S.A. the principal holder it is not likely that any plan which does not provide a market of a monetary use for gold will be acceptable in either country.

If that is true, I think we must admit that a very selfish motive is behind that proposal. It is specifically what might be called a rich nations' proposal, and for that reason personally I am not in favour of it, because I do not think it will achieve the objective laid down

at the beginning of both these pamphlets. I hope the minister will give us the names of the Canadian officials who drafted these proposals. Especially I should like to know the terms of the reference under which these proposals were drawn up. Were these officials told to draw up certain proposals whereby we could reach the objective of the freest possible exchange of goods between nations, or were they told to find ways and means by which gold might be utilized as the international medium of exchange? I think that has a direct bearing on the matter.

I believe that Keynes has come to the same conclusion as Williams came to, that he did not think gold was necessary, but in order to satisfy certain people he had to use gold. He mentions in his proposals that the United States, holding as they do large reserves of gold, would probably insist on gold being utilized. I agree with Harold Fleming in the *Christian Science Monitor:*

> The twist is that they have in themselves little or nothing to recommend them over the ramshackle structure and machinery of pre-war international credit except a couple of fancy names.

And now he can add one more to it and make it three.

These proposals, in my opinion, do not solve the problems relating to a common balance of trade as between nations, and the greatest problem before the war was that of ways and means by which we might bring about an even balance of trade.

In the past there has been a fight for foreign markets, resulting in an unbalanced trade, and I would say that that fight has been largely responsible for the wars of the past. It is true to say that all capitalistic countries have had difficulty in finding profitable markets for their goods, not only internally but externally as well, not because the people who required those goods decided not to buy them, but because the people who required those goods, generally speaking, did not have the money with which to buy them. Consequently, all industrialized nations endeavoured to maintain a favourable balance of trade, or of payments.

I would draw the minister's attention in that regard to a statement which was made by a former chancellor of the exchequer of Great Britain. Dealing with this very matter, speaking before the American Bankers' Association on October 5, 1922, he had this to say:

> For over two centuries British capital—that is, credit—had been lent to other countries; year by year England produced more than she either consumed herself or could exchange for the products of other nations, and she could not obtain a market for the surplus unless she gave the purchaser a long credit. Foreign loans and foreign issues were taken up in England, and the proceeds were spent in paying for the surplus production. British factories and workshops were kept in good employment—

Now, this is the point I wish the minister to notice:

> —but it was a condition of their prosperity that a part of their output should be disposed of in this way.

That is, in order to maintain prosperity in England it was necessary to maintain a favourable balance of payments. He pointed out that that was the policy of England for two centuries before the last war. From the last war up to this one, the United States of America, being a large creditor nation, to a considerable extent refused to accept goods in payment for her credits held abroad. She demanded gold wherever possible, and as a result of that policy accumulated very large holdings of gold. The *Wall Street Journal,* in commenting on the policy of the United States in the past in its relation to these proposals, has this to say:

> If we want to export things and not import things we must make up our mind either to invest the excess of our exports or lend it overseas, and in addition lend or invest at least part of the interest on the loans and profit on the investment, to say nothing of leaving the capital and principal uncollected.

To a very large extent that is what Britain did before the first great war, because we find that apparently during the sixty years before the last war England lost in the neighbourhood of £4,000,000,000, or around sixteen or seventeen billion dollars, in her foreign trade. Nevertheless, according to the chancellor of the exchequer, that policy brought prosperity to Britain. I would say that it brought prosperity to certain classes of people, for nobody can contend that it brought prosperity to the masses of that country. In so far as the manufacturers were concerned, it did maintain them at a fairly high level of production and to that extent brought prosperity.

I think it may be said that from 1935 to 1939 Canada maintained an average favourable balance of payments in the neighbourhood of $218,000,000. I got these figures from the "Canada Year Book". Apparently she was following the same policy as Great Britain, trying to dump her unemployment problem on the doorstep of other nations instead of solving it internally. Instead of maintaining an effective demand against her internal production, she tried to dump her surplus products abroad and accept as few

imports as possible in return, so that the money paid for these exports for which no goods were brought back in return, would help to maintain an effective demand against her production internally.

I merely mention these things in order to draw the attention of the committee to pre-war problems which unquestionably will be intensified at the end of this war. I am satisfied that no form of international bank or international union can solve that problem, because it is an internal problem. Before any scheme of currency stabilization can operate satisfactorily, nations will have to put their own house in order. They will have to find ways and means of maintaining effective demand against their own production and will have to be willing to exchange their surplus production for the surplus production of other nations and thus hold an even balance of trade. No international bank can bring world stability unless the nations are first of all willing to bring about economic stability internally; that is, to accept freely the exports of other nations for their own exports. If the United States and Great Britain hope to give leadership in this matter, then I think they will have to do it by example. What I mean to say is that we cannot expect other nations to be enthusiastic about following the leadership of the United States or of the British empire when at the same time they see in either of these nations millions of people on relief. If, therefore, we are to give leadership we must set our own house in order. I think it will be agreed that during the past decade these so-called democracies were held in a good deal of contempt by the fascist nations. Those nations looked upon these democracies as decadent. While the resources of the fascist nations were appreciating, the resources of the democracies were depreciating, and there is no question that our prestige suffered a severe blow, especially in the middle east. Of course, the great mistake the fascist nations made was this. They condemned the democratic way of life for that situation, whereas they should have condemned the people for not functioning as true democracies within these nations. The trouble was that during that period we were actually under a certain form of financialism which was nothing more or less than a hidden form of fascism.

Let me give an illustration. I know the minister does not like me to use extravagant language at any time and he never hesitates to criticize me if he thinks that I do so. Let me therefore substantiate that charge by quoting one example. I would not quote it now had it not been mentioned by one of the Australian members who took part in the parliamentary discussions here a few weeks ago. He referred to a certain mission. He did not mention it by name, but his reference undoubtedly was to the mission headed by Sir Otto Niemeyer in 1929, which went to Australia to look into matters. On the same mission were Professor T. E. Gregory and Mr. R. N. Kershaw. I find the initials "T.E.", but the hon. member for Wetaskiwin says it was T. E. Guggenheim. At the time this mission went to Australia, that dominion was suffering from an unfavourable balance of trade with Britain, and the mission in question went there to straighten out the nation internally. Let me quote from a book written by the leader of the New South Wales Labour party, Mr. J. T. Lang. The title of the book is, "Why I Fight", and I quote from page 185:

> The mission consisted of Sir Otto Niemeyer, a representative of the bank who had acted in the similar capacity of official assignee in the case of many European countries; Professor T. E. Gregory, of the London school of economics and Mr. R. N. Kershaw, former Australian Rhodes scholar, designated as "liaison officer".

And from page 186:

> Extracts from Sir Otto's address make interesting reading after an interval of four years: "It is a serious problem", he said, "the practical solution of which is not rendered any easier by the natural optimism of the Australian. So long as it is generally believed in Australia that there is an unlimited market abroad for Australian goods, and that something will turn up, it will be difficult to face the realities of the position."

The reason why Australia had an unfavourable balance of trade was not that Australia did not have the goods or that Australia was not willing to export those goods in order to balance her trade. The reason was that the importing nations refused to take Australia's production, and therefore Sir Otto said that it would be hard to make the Australians do what they should do, inasmuch as they were optimistic in view of the fact that they could produce a large amount of goods. They did not realize, however, that other nations were not willing to accept those goods. The main power to deal with this problem of unbalanced trade does not rest with the debtor nations but with the creditor nations, and any proposals that are submitted must recognize the fact that the creditor nation is more to blame for this state of affairs than the debtor.

I quote again from page 189:

Submissively the premiers carried a series of resolutions at the dictation of Sir Otto, declaring:

(a) their fixed determination to balance their respective budgets for the financial year 1930-31 and to maintain a similar balanced budget in future years;

(b) that no further overseas loans would be raised until the current short-term indebtedness was dealt with;

(c) that future loans will be for reproductive works only.

These were the steps which the mission assured the conference were essential to "place Australia on the road to prosperity." Time has surely proved them the steps of the treadmill.

In the light of these quotations, I think the Minister of Finance will agree that I do not exaggerate when I say that at that period we were under a form of financial dictatorship, because there was Australia able to produce far more than she needed, but other nations were not willing to accept her production, and consequently she was told that she would have to curtail her expenditures in order to bring about a balanced budget. Well, we know what happened in Australia at that time. Their depression was even worse than the one we experienced.

I cannot say, of course, whether a similar mission came to Canada, but we do know that Sir Otto Niemeyer came to this country. Members of this group asked to have the house informed exactly as to what occurred between Sir Otto and Mr. Graham Towers or other officials of the government, but that information was refused. Apparently the officials of this country are not quite as free in their discussions of such matters as they are in Australia. If we could get as frank a statement in Canada as the people got from those in Australia, I have no doubt that we would find that the same thing happened in this country and that we were dictated to by international financiers.

A further proof of what had been happening in Canada is to be found in the election speeches of the Prime Minister in 1935. The Minister of Finance will remember what the Prime Minister said at that time during the election campaign. He declared that in this house there would be waged a great battle with the money powers. I must admit that I have never seen that battle materialize. I have been optimistic, hoping to see the fight started every session, but nothing has happened. Those are the Prime Minister's words, not mine, and when the Prime Minister said that there was to be a battle between the government and the money powers he had in mind, I presume, certain money powers who were forcing destitution upon the people of the country. Either that, or he was speaking for the sake of the election. If so, that was his fault. But I am giving him full credit for having meant what he said at that time, and I believe he had good cause for that statement.

Of course, we are being told now that never again will such things exist. We are assured that there is to be a new order. I would remind the minister and the committee again, however, that Lloyd George at the end of the last war made speeches similar in every respect to the speeches that are being made to-day prophesying a new order. Lloyd George also talked about a new world and declared that depressions were a thing of the past. There would never be another depression, he said. Well, does anyone doubt that Lyold George at that time was as sincere as the Prime Minister of Canada is to-day? Undoubtedly he was sincere, but he overlooked for the time being the fact that pressure would be exercised on that nation when the war was over. The cry began as soon as the war was over, "We have spent a great deal of money in carrying on the war and now we have to pay for it." And you will find here many people, like the chief architect of depression, the hon. member for Simcoe East, saying the same thing. He will be one of the first to cry out for a general restriction of spending after the war is over, and that will mean one thing and one thing only—another depression.

The only reason why we have prosperity to-day is that the government has become the greatest purchaser of labour and materials in the country, greater than any other institution. The moment the government stops spending at that rate, unless certain other institutions are prepared to take up the slack, undoubtedly we shall go down into another depression. So that I think it is well that we should keep clearly in mind the fact that these monetary proposals actually deal with results and not with causes, and that until the causes are eliminated there must be a dubious future for any form of international stabilization of currency or international exchange union. Therefore, while I wholeheartedly agree with the objectives as they are outlined in the British and Canadian proposals, I cannot agree that there is much chance of these proposals bringing about the things they wish to achieve. While it is true that the proposals admit that a creditor nation has a certain amount of responsibility for an unbalanced trade, the strange thing is that when the experts come to make certain proposals they place the main responsibility upon the debtor nation and not upon the creditor nation. They make certain recommendations to the creditor nation and then immediately state that the creditor nation

will not be forced to accept those recommendations. Then they make recommendations to deal with the debtor nation, and the debtor nation has to accept them whether or not it agrees with them. In view of the fact that the debtor nation is not nearly as much to blame as the creditor nation, I say they are putting the pressure in the wrong place, and that is one reason why I say these are undoubtedly the proposals of the rich nations and do not represent the wishes of the poor nations or their ability to deal with these matters. This matter is referred to on page 8 of the British proposal, subsection (g) and on page 14 of the Canadian proposal, section 5, subsection (c), but I do not want to take time to read those provisions.

What is the real situation in regard to the question of favourable and unfavourable balances of trade? A nation can only pay for goods and services with goods and services. An importing nation can give an exporting nation a claim against its goods; that is, a credit, but it cannot force that nation to buy its goods and moreover should not be obliged to do so. A nation should only be required to pay for its imports with its own national currency, because that nation will have to exchange its goods for the goods that were imported, and the only money that will buy those goods is its own national currency. Therefore there is no possible excuse for trying to force any nation to pay for its imports with international currency. I shall give a simple example. If I owe a certain individual $5 I can give him a cheque for that amount, and when I do so I have met my obligation. He now has credit in the bank for $5, but it is not my obligation to see that he spends that $5; I have wiped out my obligation. The same situation applies in connection with a debtor nation. As long as the debtor nation gives the creditor nation a claim against its own production, it should have wiped out its obligation; then it is up to the creditor nation to buy its goods. I will admit that you could have a nation without goods, but I am talking about a nation such as Australia which in 1929 was willing and anxious to export its goods to balance its budget, and was optimistic enough to believe that it could do so. It could not, however, because the creditor nations were not willing to accept those goods. So that if we are to put pressure on any nation, let us put it in the right place, on the creditor nation instead of on the debtor nation.

Mr. ILSLEY: Then my hon. friend means that Canada did right in taking Australian wool?

Mr. QUELCH: I would not say there were not other things we could have taken. On the other hand, take a nation in the position of not being able to produce enough goods to satisfy her import requirements; a "have-not" nation. The situation there is entirely different, and no form of international stabilization of currency can deal with it. In that case you must do one of two things; you must move some of the people out of that area, or you must continue indefinitely such measures as mutual aid and lease-lend in order to provide that nation with goods. You might have a joint contribution by all nations on a permanent basis, to maintain that country. That must be done, or the people must be removed from that area until the population is reduced to the point where the resources are sufficient to maintain them. That, however, as I have pointed out, is an entirely different matter.

The London Chamber of Commerce has put forward proposals to deal with this matter; no doubt the minister is familiar with them. Those proposals are very different from the proposals of the experts of the three nations. The London Chamber of Commerce recognizes the fact that the creditor nation is largely responsible. Therefore it maintains that when a nation establishes a credit abroad, that nation should be willing to accept goods in payment of it, and if the nation refuses to accept payment of that credit within a period of seven years, the debt should be cancelled. I should like to quote that proposal, which appears at page 26 of a pamphlet entitled, "A Twentieth Century Economic System," which has been endorsed by the London Chamber of Commerce:

> . . . the primary responsibility for establishing a counter account, by importing from the country to which a sale had been made, would remain with the exporting country. If it did not wish to do so that would be its affair and not that of the importing country, which would have done its part by establishing the necessary credit. The importing country would be entitled to cancel the credit, under a statute of limitations, if it were not used within seven years. The principle is that with which we are all familiar in internal trading: if you have a credit with a shop, you cannot take it out in cash but you clear it when you take goods.

In reply to the minister's suggestion that we should have taken wool from Australia, that is not Australia's affair. Australia is willing to pay with whatever goods she has, and it is up to us to decide what goods we want to take. Having established a credit in Australia, it is up to us to find goods there that we want. If we do not, then we do not get paid; but under a multilateral clearing we would not

need to buy goods from Australia; we could buy them from another nation. I shall deal with that later on.

Mr. ILSLEY: I do not wish to get into an argument on theory, but Canada is likely to be a creditor nation on current account after the war is over; we are almost certain to be. What is Canada to do? Is Canada to take such things as wool and wheat from Australia, cane sugar from the West Indies, manufactured goods from Great Britain, and so on, or is Canada not to do so? And if Canada does not, how will Canada continue to export? Some of my hon. friend's associates over there are very sure that Canada should not import anything we can make ourselves, no matter at what cost. If that is so, how will Canada continue to export; will we give our goods away? Perhaps that is what is projected?

Mr. QUELCH: The minister asks if we should be willing to import wool. This would not apply in war time, but let us go back to the period from 1935 to 1939. Did all the people of Canada have all the woollen goods they desired? Would the minister suggest that the million people on relief were all warmly clothed and had good woollen coats? If not, I should say we should import wool so that they could be warmly clothed. Would the minister suggest that all the million people on relief had sufficient sugar? Of course they did not, so that I say we could have imported sugar in order that they might have been properly fed. It is the question of an internal distributing mechanism; we have not been able to maintain an effective demand against our production.

Such action as the London Chamber of Commerce proposes would force a nation either to accept imports in exchange for exports or, after a period of time, have that credit abroad cancelled. The interesting point is this, that Maynard Keynes in his proposal recognized the fact that that may be necessary in future; that some proposal such as the London Chamber of Commerce put forth may be necessary. But evidently he did not have the necessary courage to include it in his proposals. However, he does refer to it at page 10 in this way:

> It is not contemplated that either the debit or the credit balance of an individual country ought to exceed a certain maximum—let us say, its quota. In the case of debit balances this maximum has been made a rigid one, and, indeed, counter-measures are called for long before the maximum is reached. In the case of credit balances no rigid maximum has been proposed. For the appropriate provision might be to require the eventual cancellation or compulsory investment of persistent bancor credit balances accumulating in excess of a member's quota.

[Mr. Quelch.]

Apparently he recognized, as the London Chamber of Commerce does, that it may be necessary to cancel those credits if a creditor nation persists in being a creditor nation, and is unwilling to put its own house in order, by importing freely in exchange for its exports.

Immediately after the war the nations devastated thereby will be unable to pay for the things they require. That condition should still be regarded as the responsibility of the united nations, either through lend-lease or mutual aid. Mr. Churchill in a speech which he made some time ago referred to the fact when he said that for the first four years there would have to be a transition period in which they might have to accept goods, without exporting but that after that period Great Britain would demand her share of the export trade. He did not mention anything about import trade, but said that Great Britain would demand her fair share of the export trade, so that Great Britain might be in a position to pay for imports with her exports.

First of all, I would say that this proposal does not make any provision to deal with that matter. They will carry a nation for a short period; that is, they will make supplies of bancor unitas available to these nations which have unfavourable balances of trade. But since they will not be in a position to export, they will exhaust their quota and lay themselves open to pressure from union officials. It does not define what that pressure may be. I think we can all agree that the pressure would be that you would have to curtail your expenditures and exert a deflationary policy, thereby forcing down prices. It must be recognized that that is the form which the pressure would take.

My main criticism of the proposal—and it is a criticism just as necessary as that of an unfavourable balance of trade—is that it would mean a return to the gold standard. It calls for international currency backed up by gold, and internal currency tied to that unit. So that it is a gold standard mechanism. That is the way in which the British scheme is built, and also the American and the Canadian. I should like to point out my objection to the gold standard mechanism. No longer would a nation's standard of living be dependent entirely upon its productive capacity. There would be another limiting factor. When we went into this war and wanted production expanded to the maximum, what did we do? We immediately went off a gold basis. We realized we could

not carry out our war effort efficiently if we did not, and accordingly we immediately went off gold. If after the war, we are to make a maximum peace effort, then I am satisfied we shall have to see that no artificial restriction such as a gold standard is allowed to impede the success of that effort. There is nothing new in these proposals whereby international friction may be eliminated, except that it means the loss of sovereignty. I would say this is a beginning. It is a first step toward a form of international dictatorship. And in view of the fact that to-day we are fighting to maintain the democratic way of life, and fighting dictators in enemy countries, I do not think for one moment that the men who are fighting this war want to have an international dictatorship set up.

There is no question that this proposal, if put into effect, would be an international dictatorship. And unless hon. members have read these proposals through to the finish, they will not realize just how they propose an international dictatorship. We find this on page 18 of the British proposal:

> The union might set up an account in favour of any supernational policing body which may be charged with the duty of preserving the peace and maintaining international order. If any country were to infringe its properly authorized orders, the policing body might be entitled to request the governors of the clearing union to hold the clearing account of the delinquent country to its order and permit no further transactions on the account except by its authority. This would provide an excellent machinery for enforcing a financial blockade.

Therefore we are going to build up an international police force, so that any nation which finds itself in the unhappy position of having an unfavourable balance of trade, and which does not follow out the recommendations of the union, will have an international police force sitting on its doorstep to see that it carries them out.

Is that what we are fighting for? Are we fighting to maintain an international dictatorship to determine their own affairs in their own country?

Mr. ILSLEY: That is not quite fair.

Mr. QUELCH: I think undoubtedly that is what this proposal means. I am not saying that the people who formulated this proposal realized that. I would like the minister to tell us the terms of reference given when they drew these proposals up. What were the Canadian proposals? Were they told to draw up proposals by which gold could be utilized, or were they told to disregard gold entirely, and bring about ways and means of making trade among nations as free as possible? I am inclined to think that they were told to bring about proposals by which gold could be utilized. The gold standard itself has always been to a certain extent a dictator, because it has meant that, under certain conditions, as the gold left the country the banks were automatically compelled to call in their loans so as to maintain a certain fixed ratio between gold and the money in circulation. There you had a compulsory reduction in the standard of living, due to the operation of the gold standard. That, in itself, is the work of a dictatorship. Surely we do not want to go back to that.

The minister probably remembers that when Australia and the British empire went on the gold standard in 1925, many people were enthusiastic about what the results would be. I wish to quote what Mr. Bruce, the Prime Minister of Australia, had to say in that regard. This is taken from the book, "Why I Fight", and reads:

> It must have a tremendous influence throughout the world, and will go down in history as one of the greatest financial achievements in the empire's progress.

That was the prophecy of Mr. Bruce regarding the gold standard of 1925.

Now, let me quote what happened.

The CHAIRMAN: The hon. member has spoken for forty minutes.

Mr. QUELCH: May I quote one statement by Mr. Churchill?

Mr. ILSLEY: I will speak for a moment, and then the hon. member may have another forty minutes, if he wishes. At one stage I interjected that one statement was not quite fair. The hon. member was quoting from a clause of the British memorandum, and seemed to be arguing that it was for setting up a supranational policing body. It does not say that. It says that if any supranational policing body is set up, this clearing union might assist it. But it does not, in fact, advocate the setting up of a supranational policing body. I am not defending the Canadian memorandum, but when I made my interjection the hon. member shot right off on the Canadian memorandum.

Mr. QUELCH: When he made that statement Keynes suggested that it might take a police force to keep these proposals in effect.

Mr. ILSLEY: My hon. friend has not that right at all. It apparently contemplates or envisages the possibility of some body like the League of Nations having policing powers for the purpose of preserving peace in the post-war world, preventing aggression or something

of that kind. It would be necessary for that police force to have power to impose certain sanctions, one of which might be financial in character. If that were agreed to by the nations of the world and this police force were set up, it is pointed out in the memorandum that this clearing union might assist it. That is all that was contemplated in the setting up of the policing force; it was not contemplated that it would police the operations of this union.

Mr. QUELCH: I do not take exception to what the minister said; I simply refer to the last line which states that this would provide excellent machinery for enforcing a financial blockade. If there is a police force, it would provide a convenient way to enforce a financial blockade against those nations which are not doing exactly what the union has told them to do.

Mr. ILSLEY: My hon. friend is not as dull as all that. He says he agrees with what I say and then he puts an interpretation upon my words which they do not bear at all. He says that financial blockades will be enforced by this supranational policing body. If there is to be such a policing body, that will not be any part of its duties, but it is pointed out in this memorandum that such a clearing union might be of assistance. From there my hon. friend runs off and changes the situation altogether and says that you are going to set up an organization to establish a financial blockade.

Mr. QUELCH: I quite agree with the minister that this proposal does not provide for an international police force; it merely states that if an international police force is established, this union will be a very handy place in which to deposit money for the payment of the force. It then concludes with the statement that it would provide excellent machinery for enforcing financial blockade. I am not saying that they are going to create an international police force for the express purpose of bringing about a financial blockade. But if you have a police force, it will be very convenient to use it for that purpose. In other words, it can be used to bring a certain amount of pressure to bear upon certain nations.

Mr. ILSLEY: I cannot seem to get it through my hon. friend's head that the police force is not to be set up for the purpose of carrying out the desires of the clearing union. The supranational police force would be set up for another purpose altogether. I am not defending Lord Keynes' proposal because there is no reason why I should, but I do not like to see any proposal twisted.

[Mr. Ilsley.]

Mr. QUELCH: I am not attacking this proposal on the grounds that it intends to set up an international police force; I merely mention the fact that it states that, if there is such a force, it could be utilized for the purpose of enforcing a financial blockade.

The CHAIRMAN: I said a few minutes ago that the hon. member had spoken for forty minutes. It is true that in the meantime the Minister of Finance has made a statement, but I do not think we would be within the terms of standing order 58 if we allowed an hon. member all the time he wanted simply because he had been interrupted. Standing order 58 reads:

> The standing orders of the house shall be observed in the committees of the whole house so far as may be applicable, except the standing orders as to the seconding of motions and limiting the number of times of speaking.

It would be almost farcical if an hon. member spoke for forty minutes, and sat down, and then when another member asked a question, to get up again and make another speech for forty minutes. Again I repeat that there are other members who wish to speak on the item before the committee.

Mr. QUELCH: May I conclude my remarks with one short statement? Mr. Bruce had pointed out in 1925 that the gold standard would bring prosperity to the world, and this is what Mr. Churchill had to say in 1932:

> When I was moved by many arguments and forces in 1925 to return to the gold standard I was assured by the highest experts, and our experts are men of great ability and of indisputable integrity and sincerity, that we were anchoring ourselves to reality and stability; and I accepted their advice. I take for myself and my colleagues of other days whatever degree of blame and burden there may be for having accepted their advice. But what has happened? We have had no reality, no stability. The price of gold has risen since then by more than seventy per cent. That is as if a 12-inch foot rule had suddenly been stretched to 19 or 20 inches; as if the pound avoirdupois had suddenly become 23 to 24 ounces instead of—how much is it?—16. Look at what this has meant to everybody who has been compelled to execute their contracts upon this irrationally enhanced scale.

And further on:

> This new House of Commons contains a great number of new and young legislators. I commend this problem to them as the supreme topic of the age.

Mr. JAQUES: I wish to add a few words to those of the hon. member who has just taken his seat. He has made one of his valuable citicisms of financial matters. I should like to tackle this question from a different angle and I want to assure you, Mr. Chairman,

that even though I may seem to, I am not wandering from the subject. This is a world proposal, and one cannot very well discuss a world proposal unless he uses a world wide approach. I should like to go back a few months to April 1, when an article was published in the Ottawa *Citizen* headed, "New authority to guide affairs." It went on to state:

A supranational authority with power to settle questions of immigration, natural resources, treatment of minorities, repudiation of debts, finance and other questions was predicted by B. K. Sandwell of Toronto in an address before the Ottawa branch of the league of nations society.

At that time I brought to the attention of this house and of the government those remarks and I asked if they were not seditious in the opinion of the government. At once I was assailed in the press as a fascist, as a moron, as a Jew-baiter, as one who filled his mind with such rubbish as the protocols of Zion and the A plus B theorem of Major Douglas, and they even went so far as to couple the two together. I was surprised at the notoriety which I had achieved, shall I say so easily, on that occasion, until a few days later when the following was published in the Ottawa *Citizen*. The dispatch is dated "Washington" and says in part:

Secretary Henry Morgenthau disclosed to-day comprehensive administration plans to stabilize post-war currencies and fix their value in terms of gold. The plans involve:

1. Creation of an international stabilization fund by the united nations and their associates.
2. Fixing the value of currencies in terms of gold.
3. An agreement among participating countries not to devalue their currencies without consulting other members of the stabilization funds.

Both plans entail the establishment of a stabilization fund to be managed by an international bank, vitally important because it would mean that participating countries would lose control over the value of their currencies for world trade purposes. This control would be vested in the bank, not in a parliament or a congress, and if a country wanted the rate lowered or increased it could only appeal to the bank, not take action itself.

When we speak in terms of gold it is well perhaps to ask ourselves who are the owners of these gold reserves the greater part of which are piled up underground at Fort Knox. I suppose the vast majority of the people of this country and perhaps of the members of this house fondly imagine that that gold belongs to the people or, if you like, to the government of the United States, but I am informed on the highest authority that eighty-five per cent of that gold is owned and controlled by private interests. I will go farther and say that it is those interests that are behind this scheme to stabilize world finance in terms of gold.

Mr. ILSLEY: May I ask who is the highest authority?

Mr. JAQUES: I am not going to give names. I make that statement and I stand by it.

Mr. ISNOR: That is no good.

Mr. JAQUES: I am told by well-informed Americans that anybody in the United States who understands finance understands that as well as they understand anything.

Mr. ILSLEY: I am informed that the gold at Fort Knox is all owned by the United States and is shown in the treasury statements. That is why I asked my hon. friend for his authority for his statement to the contrary.

Mr. JAQUES: I am perfectly willing to stand by that statement, and if it can be proved otherwise, that is all right.

Some hon. MEMBERS: Oh!

Mr. BLACKMORE: You have your chance to disprove it. Come along with your proof.

Mr. JAQUES: I am perfectly willing to let my reputation stand by that statement. The federal reserve system in the United States no more belongs to the government of the United States than the Bank of England belongs to the government of Britain. I say that both governments are run respectively by those banks.

Mr. ILSLEY: I did not say that the gold was owned by the federal reserve board.

Mr. JAQUES: By the federal reserve system.

Mr. ILSLEY: No, nor by the federal reserve system. I said it was owned by the treasury.

Mr. JAQUES: When I brought to the attention of the house this policy of encouraging Canadians to surrender their loyalty to the crown and give it to this supranational authority, at once I was accused of indulging in such foolishness as reading the Protocols of Zion, which were described as absolute nonsense. I am going to read two of them to see how far they are absurd when applied to this matter under discussion.

Mr. ILSLEY: I must rise to a point of order. When an hon. member gets so far afield as to read the Protocols of Zion I must take exception. That is more than latitude allows.

The CHAIRMAN: There is a rule which is hard to apply in committee against repetition. I would hope at this stage the hon. member would not go over old ground which has been thoroughly covered many times this session. I believe it is the wish of ninety-nine per cent of the members of this house that we get down to business.

Mr. JAQUES: It says this—

Mr. ILSLEY: I object. I do not base my objection on grounds of repetition but on the ground that on an item for departmental administration he cannot read into the record some fraudulent or forged Jew-baiting documents which are called the Protocols of Zion.

Mr. JAQUES: I have not mentioned the word "Jew", but I am going to read this because it is absolutely pertinent to what I have to say.

The CHAIRMAN: I do not know that I can rule it out of order, but surely no member at this time would wish to overload *Hansard* after the thousands of pages we have had on the general subject. I do not want to hurt anybody's feelings, but surely there should be a limit somewhere.

Mr. HANSELL: Might I just say on the point of order, Mr. Chairman, that you have been most fair to everyone this session. The hon. member for Wetaskiwin has taken less time than almost any other member of the house. He has spoken only occasionally and then forcefully, in my opinion. He has been waiting for many weeks for this item to come up. This is the last speech he will make this session. He lives and moves and has his being in this particular subject and pays little attention to anything else that goes on in the house. I trust that the committee will bear with him for the remainder of the time at his disposal, perhaps only twenty minutes, and then we can go right on with the item.

Mr. ILSLEY: That is an appeal to sympathy or something of the kind.

Mr. HANSELL: It is the truth.

Mr. ILSLEY: I would be disposed to meet the hon. gentleman along those lines, but we must not get too far away from the rules of the house even on grounds of mercy. We must stay within shooting distance of them. The hon. gentleman apparently was attacked by some paper or editor for some remark he had made in the house and he wants to make a reply to that attack.

[Mr. Ilsley.]

Mr. JAQUES: Nothing of the kind. If I like to make myself ridiculous, I do not see why anybody else should worry about it.

Mr. ILSLEY: I do not mind that.

Mr. JAQUES: Then what is the minister worrying about?

Mr. ILSLEY: I am worrying about the infringement of the rules of the house.

Mr. JAQUES: I am not, I believe, in the habit of breaking the rules. I quote:

> We shall replace the free market with stabilized control of foreign exchange by which we can fix industrial values to suit ourselves.
>
> All industry will come to depend upon us, bringing stupendous power to us.
>
> In our hands is the greatest power in the world—gold: in a few days we can procure from our vaults any quantity we may please.

Having said that, perhaps I may be allowed to quote from a speech which was made in the congress of the United States by Mr. Smith, one of the congressmen from Ohio. Speaking on Monday, April 12, 1943, on this United States plan for stabilization of currency, he said:

> We are apt to be led to believe from the newspaper, radio and other reports that this scheme emanates from a few individuals. Mr. Harry D. White, special assistant to the secretary of the treasury, is being credited as the prime mover of the United States contribution to the plan. Professor Maynard Keynes is being credited as the prime mover of the British contribution to this plan. Now, of course, we would be naive indeed if we were to believe that the officials of our treasury had undertaken this task on their own initiative, or that Professor Keynes, and perhaps a few of his associates, had inaugurated their part of the scheme on their own accord. We may rest assured that back of this move are the most powerful international moneyed interests and financiers of the world. Furthermore, we may be certain that world power politics are playing a prominent role in promoting this movement.
>
> Upon first sight the Keynes plan and that of Mr. Morgenthau may appear to be quite different from each other. It would not be surprising if this impression had been received by many from reading the brief news dispatches describing the two proposals. . . .
>
> Both drafts embrace the idea of a completely politically managed international currency.
>
> Both contemplate the surrender by the individual countries to the international monetary power of a large part, if not all, of the very heart of national sovereignty, that is mastership over monetary and credit resources.
>
> Section 8 of the constitution provides that Congress shall coin money and regulate the value thereof. . . . If Mr. Morgenthau and the forces back of him should be able to get around this provision of the constitution, then the last vestige of our great charter of liberty will have disappeared. All hope of restoring it would be gone, and the totalitarian state would be complete.

No, I cannot believe that the American people have as yet been beaten into such abject submission that they will allow this to happen.

These are the words of a congressman, spoken in congress. But unfortunately neither the American people nor the Canadian people are permitted to learn the truth of these things.

I was going to quote from a speech made by the Right Hon. Winston Churchill in the British House of Commons in 1932, but the hon. member for Acadia has already put it on *Hansard,* and the omissions will rather spoil my record. But there is one part which he did not quote. Let me repeat very briefly. Mr. Churchill said that he was moved by many arguments and forces in 1925 to return to the gold standard and was assured by the highest experts, men of great ability and indisputable integrity and sincerity, that they were anchoring themselves to reality and stability, and he accepted their advice. He continued:

I take for myself and my colleagues of other days whatever degree of blame and burden there may be for having accepted their advice. But what has happened? We have had no reality, no stability.

He goes on to say:

The price of gold has risen since then by more than 70 per cent. That is as if a 12-inch foot-rule had suddenly been stretched to 19 or 20 inches; as if the pound avoirdupois had suddenly become 23 to 24 ounces instead of—how much is it?—16. Look at what this has meant to everybody who has been compelled to execute their contracts upon this irrationally enhanced scale. Look at the gross unfairness of such a distortion to all producers of new wealth, and to all that labour and science and enterprise can give us. Look at the enormously increased volume of commodities which have to be created in order to pay off the same mortgage debt or loan. Minor fluctuations might well be ignored, but I say quite seriously that this monetary convulsion has now reached a pitch where I am persuaded that the producers of new wealth will not tolerate indefinitely so hideous an oppression.

"So hideous an oppression." Those are the words of the present Prime Minister of England, and, thinking that those words would be of interest to those sections of the press which had attacked me in such a vitriolic way, I had copies of that speech made and sent them to the editors of *Saturday Night,* the Sifton press and other papers that had attacked me and suggested that the speech would be of interest to their readers. From that day to this I have never had an acknowledgment, and not one word has been printed. Yes, the Right Hon. Winston Churchill is a great man when he is hurling defiance at the nazis. But when he proves his greatness by acknowledging the mistakes that he made in the past, not a word of it is published. That speech was made in 1932. Some people say, "Ah, but you went off gold in 1929," or was it 1930, "and the depression came after that." Well, Mr. Chairman, when a person has been drugged; when he is a victim of drugs, you cannot cure him by suddenly cutting off the drug; that would bring about a collapse.

Mr. BLACKMORE: They went off gold in 1931.

Mr. JAQUES: That is what happened, but the mischief and the damage had been done. I suffered; I am not speaking because I personally suffered, but the farmers of this country for whom I am speaking were ruined by that policy. As Mr. Churchill said, think of the increased production that has to be exchanged to pay off the same mortgage indebtedness. We have heard a great deal in this house recently about farmers' debts and how lazy the farmers were, and how dishonest for not paying. But Mr. Churchill is, I think, more honest than our critics. He admits his mistake.

I happened to spend the winter of 1930-31 in a small town near Vancouver. The house where I was living overlooked the Canadian Pacific railway, and every freight car that came to the town going west that winter was loaded with the victims of that policy. From the beginning to the end of that winter there could be seen thousands of the victims of the return to gold. I spoke with many of them. They were men just as good as I am, many of them better, and there they were without homes, without food, without money, without clothes, without shelter. It made me think, and I undertook the study of economics. I had time on my hands and I borrowed every book I could find in the Carnegie library, but at the end of six or eight months I was none the wiser. When I returned to Alberta later in the year I came across an article headed, "Money, the basis of exchange"; I read that, and in ten minutes I had the key; and I have been applying that key from that day to this. That is why I take the interest in this affair that I do; and I say that until the control of financial policy is taken away from those who have usurped it, and is returned to governments in trust for the people, there is no hope of lasting peace, happiness and prosperity.

Now let me refer to an article that was published in a well-known magazine by Doctor Ludwig von Mises. We are told at the end of the article that Doctor Ludwig von Mises was recently professor of international

economic relations at the graduate institute of international studies in Geneva, previously professor of economics at the university of Vienna, and author of "Socialism". Speaking of international finance between the two wars, he makes this statement:

> The state of things which prevailed in the last decades can be characterized as a complete surrender of the rights of the creditors and of the investors. Every nation successfully made use of its sovereignty to the disadvantage of foreign creditors and investors. Every nation exercised its power to expropriate foreign investments directly or indirectly by discriminatory taxation, to debase the currency, with which loans had to be repaid. The history of international financial relations has, in the last twenty years, been one of almost continual embezzlement. The governments of the debtor countries behaved like swindlers for the benefit of their own treasury and for the benefit of pressure groups within their population.
>
> The new covenant of the League of Nations will therefore have to include a rigid limitation on the sovereign rights of every nation. Unilateral measures which affect the essentials of the contractual obligations, the currency system, taxation and other important matters have to be rendered unlawful. The debtor countries should not have any rights which are denied to private debtors.
>
> All these provisions will have to be efficiently enforced by international tribunals—

Mr. FAUTEUX: I rise to a point of order We are here to vote expenses for the wartime prices and trade board and not to listen to theories on monetary systems and international monetary reforms.

Mr. JAQUES: May I remind the committee that we were promised a discussion on this matter of international currency by the Prime Minister in this house, and it is not my fault that I have been driven to the last hours of the session. I have been waiting for two or three weeks for this opportunity and, if the question of international currency is not of interest to the hon. member all I can say is, I find it hard to believe. The whole future not only of Canada but of the world is involved in these very proposals. Let me finish the quotation.

Mr. FAUTEUX: I insist that the hon. member is out of order. It is our duty to put in as much time as is necessary to pass these estimates and vote the necessary moneys to help the government and the country, but I do not think we are called upon to spend so much of our time in listening to hon. members who want to take advantage of the House of Commons as a tribune for the exposition of their political views. I do not think the house is at the moment interested in theories of international finance such as those put forward by the party to which the hon. member belongs.

[Mr. Jaques.]

Mr. BLACKMORE: Mr. Chairman, what item are we discussing?

The CHAIRMAN: We are discussing item 46. On the point of order, the rule is clear with regard to discussions in committee, but I am afraid it would be impossible for me to rule the hon. member out of order. We are not making progress, but I do not think I can rule the hon. member out of order.

Mr. JAQUES: Thank you, Mr. Chairman. To continue this quotation:

> All these provisions will have to be efficiently enforced by international tribunals and by sanctions which the league must apply with a greater measure of success than in the past. Without some kind of international police power such a plan could not be carried out. Coercive measures indispensable in order to make reluctant debtor countries pay.

You can see the beauty of this scheme. First of all, you put the world on the gold standard so as to double and treble debts and then, when private individuals and countries find it impossible to carry out their contractual obligations, why the bailiff will enter the country, and the bailiff will be supported by the international police; and whether members of this house think so or not, let me tell the people outside the house, the people who will have to pay the price and who have been paying the price for the last twenty-five years, that that is exactly what it means, that and nothing else.

I know perfectly well that the vast majority of those who believe in and have worked for the League of Nations are well-meaning people, but unfortunately these things are a little hard to see. I have made it my duty for the last ten years to study this subject, so that I know what I am talking about, and what I have said has been supported by no less a person than the Prime Minister of Great Britain.

I could very easily continue my remarks, but I do not wish to detain the committee longer. My excuse for having spoken at this time is that I believe this is the most vitally important subject that has come before the house this session. My final suggestion to the people of Canada is that they remember Professor Keynes has said that gold has a psychological value. That is true; and the worship of gold is idolatry. It is as old as history, and has always brought ruin to those who have indulged in it. There is no reason why we should return to gold, and every reason why we should not.

Mr. ILSLEY: I should like to correct one misstatement of fact by the hon. gentleman. He said he would stake his reputation on the statement that eighty-five per cent of all the

gold at Fort Knox was owned by private interests and not by the government of the United States. I have sent for the federal reserve bulletin of July, 1943, and the annual report of the secretary of the treasury on the state of the finances for the fiscal year ended June 30, 1942. At page 638 of the federal reserve bulletin I find a table headed, "Analysis of changes in gold stock of the United States," from which I find that in June, 1942, the gold stock of the United States of America was $22,737,000,000.

Mr. JAQUES: In the United States?

Mr. ILSLEY: Yes, in the United States.

Mr. JAQUES: I do not deny that.

Mr. ILSLEY: At page 594 of the annual report of the secretary of the treasury on the state of the finances for the fiscal year ended June 30, 1942, I find the following item: "Assets. Gold, 1942. $22,736,503,160.69." That is stated to be the position as at the close of the fiscal year 1942, which would be June 30. In other words, the amount of gold owned by the treasury and shown in the annual report of the secretary of the treasury checks almost exactly with the total gold stock of the United States of America, so that the gold there is owned 100 per cent by the treasury.

Mr. JAQUES: May I have your permission, Mr. Chairman, to read a letter which was my authority for the statement I made:

Dear Mr. Jaques,

The answer to your question in your letter of June 8th is very simple and is shown either in the treasury statement or in the statement issued from time to time covering the condition of the federal reserve banks. The federal reserve banks hold gold certificates which are nothing more nor less than warehouse receipts for all but about two billion dollars of all the gold in this country. The amount of free gold is somewhat less than two billion dollars. Against the warehouse receipts for the actual gold, which are held by the privately owned federal reserve bank system, a somewhat lesser volume of federal reserve notes have been issued and are in circulation in this country as money.

I do not have a treasury statement available at the moment, but nobody in America who understands the operation of our monetary system would question my statement.

The per cent actually is much greater than 80.

Mr. ILSLEY: Does the hon. gentleman prefer not to give the name of the writer of the letter?

Mr. JAQUES: It is signed, "Most sincerely, Carl H. Mote."

Mr. ILSLEY: Who is he?

Mr. JAQUES: I understand that he is president of the Indiana Telephone company. I looked up his record in the American "Who's Who", and apparently he is a man of large business experience.

Mr. ILSLEY: The records are perfectly clear, that the gold stock of United States is owned in its entirety by the United States treasury.

Mr. SLAGHT: I have two points I wish to bring to the attention of the minister and his assistants, and I am not sure whether item 46 covers my first point or whether I should bring it up under item 47, which has to do with bank inspection. However, perhaps it is covered by the administration item. I have before me the Bank of Canada return of December, 1942 and January, 1943, indicating the securities which the chartered banks hold under the item, "dominion and provincial securities". Those two types of securities are merged; they are not broken down separately. The chartered banks, in furnishing the total of the two, could just as well furnish the total of each. It is a matter of some importance, and I bring it to the attention of the minister and his deputy, because this return shows that at the end of last year the chartered banks held $2,201,000,000 of these two types of securities. Some time ago I placed a question on the order paper asking how much of that item represented dominion securities. The answer was that the banks do not separate them, so that I was unable and the house was unable to get the information. I regard it as important, and I would ask the minister to consider requesting the chartered banks, because that is all it means, to break that return in two in order that this house may know how much of dominion securities, whether in bonds or in short-term treasury notes, the private banks of the country hold.

I think my second point is in order under this item; if not, I can discuss it later when we come to the item on page 10 of the estimates, dealing with the interest on the public debt, which this year shows an increase of $56,000,000. I want to request the Minister of Finance and the treasury board, in the financing that is ahead of us, not to go to the private chartered banks to borrow any money whatsoever for the Dominion of Canada, but rather to go to the Bank of Canada. This increase in interest of $56,000,000 would be cut in two; in effect, it would be reduced by, roughly speaking, $30,000,000 if we would borrow the money the people of Canada, both individuals and corporations, are unable to lend us on our

victory bonds—either unable or unwilling to lend us—from the Bank of Canada, instead of from the chartered banks.

The committee will recall that with the wonderful organization we had for victory loan purposes the minister found himself in the last fiscal year, after borrowing all he could from the public, short in his budget requirements to the extent of $982,000,000, or nearly a billion dollars. Last session I advocated in committee that, instead of borrowing from the private banks, the minister should borrow a billion dollars from the Bank of Canada. In answer to my suggestion the minister said that, if he did that, it would simply blow the whole ceiling off. His expression will be found at page 4271 of *Hansard* for July 15 of last year. This is what he said:

> Whatever may be the situation normally, you have now a wartime prices and trade board, which will hold prices down and you can put your money into circulation without forcing prices up. . . .

And I skip a few words there. Then he continues:

> My hon. friend has the most sublime faith in the price ceiling. I wish I had as much faith in the price ceiling without that billion dollars as he has with that billion dollars.

Then the hon. member for York-Sunbury interjected:

> It would just blow up.

And following his lead the Minister of Finance said:

> I wish to tell him that if we put into circulation a billion dollars of new money, it would blow the price ceiling to Kingdom come before you could say "Jack Robinson".

That was his strong and forcible way of desiring to have us realize the evil which he genuinely felt would result.

I wish to pause to compliment the minister upon the administration of the price ceiling. It has been remarkable. It has been the envy of the United States and has received favourable comment in the mother country. The figures under it, when compared with what took place at the time of the last war, are startling. During the last war our present Minister of Finance was not minister. I should like to give, first, the price increases in this country, under another government, from November, 1916, to December, 1917, a period in the last war equivalent to the one through which we have passed. There was no price ceiling during the last war. Then I shall place on record the price increases from November, 1941 to December, 1942, a relative period in the present war, with a price ceiling established. My figures are taken from the dominion bureau of statistics, and they show how our wartime prices and trade board under the present minister has prevented prices from sky-rocketting, as they did during the time of the last war. Since the price ceiling became effective, in the fall of 1941, the cost of living index has risen a total of only 2·5 points. That is the figure up to six weeks ago, and there has been only a very slight difference, if any, since that time. In a comparable period in the last war it jumped 21·2 points.

The following schedule shows the percentage of increase—not the point increase—for leading commodities, and then for all items combined:

	Increase last war	Increase this war
(1) Food	26½ %	5·9%
(2) Rent	7·4%	1/10 of 1%
(3) Clothing	17·9%	1/10 of 1%
(4) Fuel, etc.	11 %	1/10 of 1%
(5) Miscellaneous items (doctor, travel, etc.)	10 %	½ of 1%

Total all items—last war—17·8 per cent.
this war— 2·2 per cent.

That is a tribute not only to our Minister of Finance and his department, but also to the men and women of Canada as well, whose willingness and ability to submit to the prohibitions which have been imposed upon them I ventured to predict last year on July 15. The minister was sceptical about it. He said that the creation of a billion dollars of new money would blow the lid off. His department created $982,000,000 of new money. He got $182,000,000 of it from the Bank of Canada and $781,000,000 of it from the private chartered banks. Where did they get it?

Mr. MACKENZIE KING: If I may interrupt the hon. member, I should hope it would suit the convenience of hon. members if we were not to rise at six o'clock, but were to continue right through. If that is agreeable, I would move accordingly.

Mr. BLACKMORE: I think it would be better if we took a recess, even if it were only forty-five minutes.

Mr. SLAGHT: No; let us go on.

Mr. BLACKMORE: I believe we would not be doing our best work if we weary ourselves in that way.

The CHAIRMAN: Shall I put the motion?

Mr. MACKENZIE KING: Does my hon. friend object to continuing?

Mr. BLACKMORE: I do not think it is in the best interests of the house, may I say to the Prime Minister. In my opinion if we took forty-five minutes recess, and then came back, it would be better.

Mr. MACKENZIE KING: What about thirty minutes?

Mr. BLACKMORE: I do not mind, but I think there should be a recess.

Mr. MACKENZIE KING: All right; let us recess for thirty minutes.

Mr. BLACKMORE: Hon. members have been here since eleven o'clock this morning. We sat until one o'clock, and we have been sitting from two o'clock until six o'clock, and I think we should have a short recess.

At six o'clock the committee took recess.

After Recess

The committee resumed at 6.30 p.m.

Mr. SLAGHT: Mr. Chairman, I wish to make it quite clear that in my request to the minister I am in no sense reflecting upon or attacking the chartered banks of Canada. The bankers of Canada have rendered and are rendering a great and genuine service to the people of Canada in the development of our natural resources, and this they can continue to do and receive just rewards for their proper services. There is a party in this house which attacks the banks of Canada and proposes to take them over and, as they say, nationalize them if my hon. friends ever get into power. To nationalize the banks in their programme simply means to politicalize the banks and, translating it one sentence farther, that simply means to C.C.F.-erize the banks, and no greater calamity could happen than that the commercial profits of the banks advancing money should be placed in the hands of any political party, even granting that they have no selfish motive. That would be contrary to all proper safeguarding of the interests of the nation.

My point is a simple one and I can state it in a very short time. I am not opposed to interest being paid by individuals or corporations for the use of other people's money that they have hired or that has been lent to them, nor am I opposed to the payment of interest by provinces or municipalities for money that they may borrow. But I am opposed to the Canadian government, which possesses under the British North America Act the sovereign and exclusive privilege of creating money, paying private bankers for the use of our own money. These private bankers do not lend their money to the government; they lend the government's money to the government and collect from the government an interest charge annually, which, of course, comes out of the taxes and the pockets of the taxpayers. It would be a simple matter to discontinue dominion government borrowings from the chartered banks. In his able budget presentation on March 2 of this year the Minister of Finance, as reported at page 845 of *Hansard,* said this:

> The plain fact is that this year we have had to depend too much on bank borrowing. I was able to say last year that "aside from the increase in treasury bills, there was no new direct borrowing from the Bank of Canada or the chartered banks during the year." During the current fiscal year, we shall have borrowed direct from the Bank of Canada and the chartered banks a net amount of $983 million.

Then he says:

> We borrowed from the banks because we were unable to borrow as much as we needed from personal savings.

I am concerned to know upon what he bases that statement; I am concerned to know who advised him that we had been unable to borrow as much as we needed from personal savings. It will be recalled that every issue of victory bonds made since the war began has been oversubscribed. Was it the officials of his department who told him that if he floated another loan he would not get money from personal savings, or was it the heads of the victory loan campaign who told him that? We all know the bankers of the country were the heads of the victory loan campaign, and they did a fine job. But I should like to know from the minister, if it is not outside the public interest to tell the committee, why he said that we could not borrow as much as we needed from personal savings when every victory loan he has offered the public has been oversubscribed.

In the coming year the minister and the treasury board have budgeted to borrow $2,748 million, which is about half a billion dollars more than they budgeted to borrow last year, and which they did not borrow last year, because they were unable to borrow. We did not borrow last year within $782 million of what we ought to have borrowed from the people, and accordingly we went to the banks for it. If we have the same measure of success with our victory loan this year, we shall have to borrow from the banks between $1,200 million and $1,500 million, because our requirements will be that much greater.

I say to the minister that there is no more danger of inflation in borrowing that money from the Bank of Canada than there is in borrowing it from the chartered banks. When the chartered banks lent him that $782 million, they did not do anything more than make a bookkeeping entry in pen and ink, crediting the Minister of Finance with that amount of

money and putting the securities, whether bonds or treasury bills, away in their boxes. At the end of the year the chartered banks were holding over $2,000 million of securities. Why do we carry on in that way? Are we not apprehensive that the debt load we are creating will wreck this country? As I say, in borrowing from the Bank of Canada we are not incurring any greater danger of inflation than if we got the money from the chartered banks.

I want to support that statement with the authority of the Minister of Finance himself. On October 15 he had a carefully considered article, answering questions and elucidating for the people the intricacies of our banking and borrowing system, in *Maclean's* magazine, and at page 75 he made this statement.

> When the banks lend large sums to the government, they create additional deposits in the process. In the first instance, the new deposits are turned over to the government by the banks when they make the loan. But the government spends these deposits by drawing cheques against them—and they arise in the hands of the public in exactly the same way as if the government had printed more dollar bills to pay its expenses.

And he concludes by saying:

> These bank deposits are the commonest and most important form of money these days and the increase in them produces the same inflationary effects, and must be subject to the same sort of limits, as the issue of money.

That being so, what justification is there to add a further unnecessary load in order to finance our necessary deficit in war time? None whatever. Let me say to the minister that there is plenty of scope for the chartered banks in the other fields of activity in which they engaged. I have prepared, and I am going to take the time of the committee to put on *Hansard* a statement of the original capital of the chartered banks of Canada—$145 million. They have surpluses in the billions and all their buildings, and they have accessible to lend at five or six or seven per cent some $1,700,000,000 of time or savings deposits which the public have entrusted to them at one and one-half per cent. They have all this and their original capital, so that I think it is as clear as the noon-day sun that the Dominion of Canada must stop borrowing on its own security from the chartered banks of this country when we can borrow equally well from our own Bank of Canada.

The minister might tell us: "I have done a wonderful job in getting down the rate of interest which I pay to the chartered banks." Of course, he has. But while I give him great credit for that, the chartered banks have seen the handwriting on the wall. They know this is a terrific monopoly which they enjoy and which we gave them for nothing, and I believe that I am speaking in their own best interests when I ask them to join with the government and give up this monopoly and this practice of making book-keeping entries, of pretending to lend money to the government, when all they are doing is taking interest from the government and not putting up any money of their own.

The system was well described by the Minister of Finance last year when he said in an able address on July 15 as reported at page 4270 of *Hansard*:

> Everyone familiar with the working of the banking system knows that, the moment the banks get their hands on additional cash—I mean by that Bank of Canada notes, or deposits by the Bank of Canada which are convertible into Bank of Canada notes—when the banks get those reserves in their hands, powerful forces are set in motion to get the banks to buy securities themselves, to make loans themselves, so that the deposits of the chartered banks will be seven, eight, nine or ten times as great as their cash reserves. That lies at the base of their whole profit-making activities; the way they make money is by lending more money than they have. What they have is their cash reserves; and unless a bank has out several times—six, seven, eight, nine or ten times—its cash reserves, it is not being profitably, or, from a banking point of view, properly conducted.

Mr. HOWDEN: I gather from the remarks of the hon. member that the banks lend credit but actually get back cash. Is that the idea? When a loan becomes due it is repaid to the banks, so that they are getting money they never created.

Mr. SLAGHT: If their loans are repaid, of course they do, and having lent $782,000,000 to the Minister of Finance in the last fiscal year by a stroke of a pen, and with nothing behind it, when the minister pays them back that loan they are getting something they never had. Their business of lending something they have not got would not otherwise be properly and profitably conducted, to use the minister's words.

Mr. HOWDEN: And they do get it back in the end.

Mr. SLAGHT: If they lend money or pretend to lend money they never had, and if the borrower pays that back, they have got back a loan that was just as much a loan as though they had counterfeited a bill. There was no security and no goods and services behind it; there was no gold behind it; there was not a pennyworth of gold in the Bank of Canada behind it, nor is any required to be kept. So that, of course, if they got paid back these loans by making

entries in books they did get something for nothing. Mark you, we are not paying back any bonds. Canada will owe billions for bonds, and I am looking to the day when we shall be called upon to pay the capital back on our loans. But what I am pointing out now is this awful burden of interest that is eating us up and costing the taxpayer so much, and which is quite unnecessary in so far as the government of Canada is concerned, because it is given the power to create new money, but it passes that power over as a blessed privilege and monopoly to the private banks.

One more point and I am through. The minister might point out that under the present system, if he had borrowed that $782,000,000 from the Bank of Canada instead of from the chartered banks, on top of the $192,000,000 he did borrow, the chartered banks would have had the privilege, because we would have created that much new money, that much new credit of the Bank of Canada, of multiplying that twenty times. They only have to have 5 per cent, and if they had done that, the spiral of inflation would have run away. The minister borrowed $192,000,000, and instead of the lid coming off, it did not even quiver. The bankers knew better than to take advantage of that privilege and did not take it. All the minister has to do is to pass a statute overnight requiring the Bank of Canada not to lend what they have not got to the government of Canada but only to lend by bookkeeping entries or to extend credit and create new money in so far as the Minister of Finance or the board of governors of the Bank of Canada permit them to do. I do not think that would shake in the slightest degree the foundations of the profitable business which the chartered banks of this country have been enjoying.

Let me ask the Minister of Finance not to invite me this year to feel ashamed because, after blaming me last year for discussing the government's financial policy, he said that I was directly against the financial policy of the government. I do not agree with him in that. I believe that I am enunciating the policy of the Liberal party as laid down by the Prime Minister and in our platform, when the Prime Minister said that public credit should be issued according to public needs, that that was Canada's duty and the policy of the Liberal party. So that if anybody is going to cross the floor, I would have to ask the minister to cross the floor because, when we depart from that policy, we are departing from Liberalism. I say that we should use the Bank of Canada for the legitimate purposes for which it has been created.

Next year is the end of the ten-year period when the Bank Act will be up for revision. It is too late to amend the act this year, and we cannot do it fairly by order in council, but I do press on the minister and his advisers that we wake up next year and put upon the statute books a control of the use of credit and new moneys and put that control back where it belongs, under the guidance of the Bank of Canada, the treasury board and the Minister of Finance.

Mr. ILSLEY: Mr. Chairman, I would like the committee to bear with me for a few minutes while I prepare to answer some of the statements made by the hon. member for Parry Sound. In the first place he took one of the items in the estimates, an item for the payment of interest, and showed that for 1943-44 it is $36,000,000 more than for 1942-43, and he stated, which was the fact, that in the past year we borrowed some $782,000,000 from the chartered banks and said that, if we had borrowed that money from the Bank of Canada, that is from ourselves, we would have made an interest saving of something like $30,000,000. The rate of interest on the borrowing from the chartered banks is not between 3 and 4 per cent, as that statement would indicate. The average rate of interest paid on the borrowing from the chartered banks is nearer 1 per cent. I cannot say exactly what it is, but I know that on all our deposit certificates we pay three-fourths of one per cent. That constitutes a very large part of our borrowings from the chartered banks; and the rate of interest on treasury bills is less than half of one per cent. So that eight or nine million dollars would be very much closer to the savings which we would make in interest if we borrowed from the Bank of Canada instead of from the chartered banks. It may be said that that saving of eight or nine million dollars is worth while and that we should adopt the system of borrowing from the Bank of Canada in order to effect that saving. The reason why we borrow from the chartered banks instead of from the Bank of Canada except to a very limited degree is, as I have said on several occasions, that borrowing from the Bank of Canada is many times as inflationary as borrowing from the chartered banks.

My hon. friend read from a statement which I made to *Maclean's* magazine. I tell him that the statement is badly worded; that the words used tend to give a wrong impression, and certainly I never intended to say on that or any other occasion that borrowing from the chartered banks is as inflationary as borrow-

ing from the Bank of Canada. When we borrow from the chartered banks we, of course, increase the volume of money, currency, spending power in the country by the amount which we borrow, and to that extent the transaction is of the same nature as borrowing from the Bank of Canada or issuing what my hon. friend called last year "national currency", because there we are increasing up to that point the amount of currency in the country to the extent of the exact amount which we borrow from the Bank of Canada. Up to that point the two transactions are the same.

Mr. McGEER: Not "currency"; the medium of exchange.

Mr. ILSLEY: "Currency" is incorrect—the medium of exchange. I got mixed. But immediately thereafter the consequences are entirely different. Borrowing from the Bank of Canada sets loose powerful inflationary forces beyond the amount of the original borrowing, forces which are not set loose by borrowing from the chartered banks, and those forces are released in this way. That fact is well understood by hon. members; we have gone over it time after time, but perhaps I should repeat it again. The chartered banks, as part of the normal business of banking which has been carried on in this way by banks for a great many decades, and probably centuries, use their cash reserves as a basis for extending credit, and their deposit liabilities may be in many cases, by law, twenty times as great as their cash reserves. As a matter of fact, however, they are almost always about ten times the amount of their cash reserves; and if banking is to be carried on profitably, banks inevitably do multiply the amount of medium of exchange by something like ten times.

Mr. BLACKMORE: Which is wrong.

Mr. ILSLEY: I will come to that. So that if we borrow from the Bank of Canada a billion dollars—we were talking last year about borrowing $1,200,000,000, although I gather that in my speech I talked about it as if it were a billion—under our present law and without restrictions or regulations, the normal development thereafter is for the medium of exchange in this country to go up to perhaps ten billion dollars.

Mr. SLAGHT: Why not change overnight?

Mr. ILSLEY: All right. That is what I meant when I said to-day that that would blow the ceiling to Kingdom come, and so it would. I repeat that. It would do it.

My hon. friend said to-night before the recess, "Ah, the Minister of Finance has borrowed nearly a billion dollars; he has created nearly a billion dollars of additional medium of exchange; yet he has been able to hold his ceiling." I have not borrowed a billion dollars from the Bank of Canada. I have borrowed less than $200,000,000 from the Bank of Canada during the past year. A part of that is not dangerous borrowing, for a reason which I dealt with in my budget speech. But I do not take back a word of all I said as to the effect of borrowing a billion or twelve hundred millions from the Bank of Canada under our present law and regulations. There would be so much medium of exchange in circulation in this country that it would be wholly impossible for us to retain our controls.

Mr. KUHL: That is all in potential.

Mr. ILSLEY: I do not understand what that means. But do not let hon. members think the preservation of controls is easy. Do not let hon. gentlemen suppose that putting a price ceiling or a wage ceiling is the end of it. If the economic forces which are being exerted in the country are powerful enough under that price ceiling, that price ceiling cannot possibly hold. Hon. gentlemen may think that by very heavy taxation we can draw the purchasing power back into the treasury; that what we do not get back by taxation we can get back by borrowing, and that to the extent that taxation and borrowing do not do the job, the imposition of controls including rationing will do it. I say to the committee that the whole lot will not do it if you increase the volume of our purchasing power in the country too much. If you get a situation where, figuratively speaking, everyone goes around with his pockets full of money, the goods will be cleared right out of the stores.

Mr. KUHL: That is a straw man.

Mr. ILSLEY: That would, figuratively, be the case, if you issued a billion or twelve hundred million dollars borrowed from the Bank of Canada and let the present banking laws take their course.

On one other occasion I told my hon. friend that I did not want anyone within the sound of my voice at that time to say that the words I used when *Maclean's* magazine interviewed me meant that borrowing from the chartered banks was as inflationary as borrowing from the Bank of Canada. My hon. friend knows that I never intended them as such, because I solemnly assured him of that. My views are found, I think, most conveniently in my reply to my hon. friend last year, when I made it clear that there is no comparison between the inflationary effect of borrowing from the chartered banks and borrowing from the Bank of

Canada, and we think the additional interest which is payable is a reasonable price to pay for avoiding the terrible effects of inflation.

My hon. friend comes back and says, "Well, change the law or the regulations; make it so that the banks cannot proceed on a ten per cent or a five per cent cash reserve basis but," as I understood it, on a 100 per cent reserve basis; that they must retain a reserve up to and equal to the amount of their deposit liabilities.

Mr. KUHL: That would be right and just.

Mr. ILSLEY: We are facing the issue squarely. If they got leave to extend it by ten or twenty times, we would have that much more inflation; we would have Simon-pure 100 per cent inflation. But some say, do not allow them to expand credit in that way. It was suggested by the hon. member for Rosthern when he was in the house, and I believe it has been suggested by one or more members of the Social Credit party. Imagine the situation where the banks had to retain 100 per cent cash to cover deposit liabilities! If they did that—

Mr. SLAGHT: Cash or Bank of Canada credits.

Mr. ILSLEY: When I say "cash", I mean Bank of Canada notes or Bank of Canada deposits. I use the word "cash" in that sense and in no other. Now, if we impose upon them, by law, necessity for a 100 per cent cash ratio, they cannot make money out of loans.

Mr. KUHL: That is the way they claim they make their money.

Mr. ILSLEY: I do not know what they claim. I am not speaking on behalf of the banks. The banks in years past have been wrong, a good many of them, in the claims they have put forward. I do not say that the banks are always right by any means, but I do say that they could not carry on business. How could they?

Mr. SLAGHT: Read their annual statements. For years they made sixteen per cent profit.

Mr. ILSLEY: Please do not interrupt too much. The inevitable effect of insisting upon a 100 per cent cash ratio is, of course, that the payment of interest on savings deposits would disappear overnight and a service charge on current deposits, a substantial one, would have to be imposed. In other words, you would be levying, by this regulation, an indirect tax, and one not in proportion to ability to pay, upon the savings depositors and current account depositors, or on borrowers from banks, or on the shareholders of the banks, or on all three.

Mr. KUHL: The depositor should pay interest to the bank, not the bank to the depositor. He should pay a service charge.

Mr. ILSLEY: No doubt you would have a big service charge if you did that.

An hon. MEMBER: Put it on.

Mr. ILSLEY: What justification is there for doing that? Is there any great reason why that should be done; why we should change our system so that persons using the banks should pay a substantial service charge and depositors be unable to get any interest whatever? This is altering the present system by a queer form of indirect and unfair taxation on a certain class. The taxation that goes on that class at the present time is mostly income taxation and it goes on in proportion to their ability to pay, as properly conceived income taxes always do. What is to be gained by the change? To listen to the hon. member for Parry Sound, one would think that the banks were making a tremendous amount of money; but are they? And if they are not, is there any reason for disturbing the present system? The banks, or most of them, had to reduce their dividends in the summer of 1942, as a result of increasing taxation, they stated. But for whatever reason, they reduced their dividends, to the knowledge of a great many persons in this country, who saw the shares they held in the banks go down in value on the market. The banks charge us, whenever they lend us money, on a great part of the money we borrow—six months money—three-quarters of one per cent. Is that an unreasonable charge? It must be borne in mind that when the government pays out money and that money goes to the banks, the banks have to pay interest on it. When we borrowed $782,000,000 from the chartered banks last year at three-quarters of one per cent and paid that money to contractors, civil servants and others, those who received the money from the government, or most of those who received it, took that money back to the bank. If they took half of it back to the bank and put it in savings accounts and the other half in current accounts and the banks paid one and a half per cent on what was put in savings accounts, then the outlay to the bank, the cost of the transaction, was three-quarters of one per cent; and as a matter of fact three-quarters of one per cent is, as nearly as we can estimate it, the cost to the banks of doing that business. In other words, we consider that the banks are rendering this

service to the government at cost. For some reason or another my hon. friend would stop us from doing that. He would take that away from the banks; he would not give them the business, and he would put it in the Bank of Canada and do it in that way. I do not know why. He talks about the great increase in the annual interest charge, an unbearable burden which the people cannot pay. We have budgeted this year for $5,500,000,000. What was the total interest item on that total? It was $214,459,300.63.

Mr. KUHL: What will it be in the post-war period?

Mr. ILSLEY: That depends on how we handle the situation in the post-war period. If we keep our national income up—

Mr. KUHL: If.

Mr. ILSLEY: Yes, if. If we keep it up, I do not say up to the present level, but if we keep it anywhere near the present level, we shall be able readily to service our debt even if we have two or three more victory loans. Nothing is lost to the country, it must be borne in mind, when you borrow money within Canada, because what is the liability of one set of Canadians is the asset of another set. It is only when you borrow money abroad that such borrowing becomes a real burden to the country as a whole; and while I do not want to see our internal debt go up faster than I can help; while I do not think it is a good thing to have a large internal debt, nevertheless for any member of this house to say that we cannot stand it; that it will crush us; that it is a burden beyond the capacity of the people, that is a mistake. It is not a burden on the people of the country but on the taxpayers of the country for the benefit of Canadians who hold the securities, and when the holders of those securities die, a part of that money goes to pay succession duties, and so on. It is not a thing that is crushing the country.

I do not know whether I have covered the situation. The hon. gentleman asked, who was it that said that we could not borrow more money from the people? I cannot say who advised that. We borrow everything we can, and his suggestion that the head of the national war finance committee, who was president of the Bank of Montreal, advised not to borrow money from the people so that we would have to borrow from the chartered banks, is wholly unfounded. Mr. Spinney has done his very best while chairman of the national war finance committee to see that the maximum amount possible was borrowed from the people.

We have had appeal after appeal and campaign after campaign. We have done everything we could think of. We have advertised and enlisted the voluntary support of perhaps 20,000 or 25,000 Canadians. We have put on great victory loan campaigns. You cannot put one on every month. Perhaps my hon. friend would ask why we do not have them more often.

Mr. SLAGHT: Oh, no.

Mr. ILSLEY: That would be the only way we could get any more. I say to him that we could not get a dollar more than we got in any one of our campaigns; we could not get a dollar more than we got through our continuous war savings certificate campaign, or by our sale of non-interest bearing bonds, which are not going over very well. I say that myself. Nobody had to advise me about that; I know it. I have lived through it, day after day, week after week, month after month. We have done everything we could to get the people of this country to save their money and to lend it to us. They have done very well; but after they got the bonds or the certificates some people sold their bonds or cashed their certificates. There are certain unsatisfactory features of the situation, but I do not know of a better system than the present one. I repeat the passage which was quoted from one of my budget speeches, that we found it impossible to get as much money as we required from the personal savings of the people. We were driven to the banks, and as between the Bank of Canada and the chartered banks we went to the chartered banks, in order to avoid inflation. We got them to lend us money on deposit certificates at cost, as nearly as we could estimate cost, and at the very time they were doing that they reduced their dividends and by all indications were not making abnormal or undue profits. Listening to some of the remarks that have been made here to-night, I should have thought they lent credit and got back cash; that they were making 100 per cent on the transaction.

Mr. HOWDEN: I should like to follow up that question. To my very humble intelligence—which is probably due to my ancestry—the thing that bothers me is that we do borrow credit and that in the end we repay that loan with actual wealth.

Mr. ILSLEY: What wealth?

Mr. HOWDEN: Actual cash, if you like; that is what I mean. We borrow credit from these people, and all the time we are building up the capital debt of our country. They

lend us credit; they do not actually lend us money, to carry on the business of the country, but eventually that loan has to be paid back in actual cash.

Mr. ILSLEY: No; you can take in cheques, or something like that.

Mr. HOWDEN: Can you pay them back with cheques? Do you not require something behind your cheques?

Mr. ILSLEY: A bank account.

Mr. McGEER: All bank borrowings are repayable in legal tender cash; it is a contract under the law, as the minister well knows.

Mr. ILSLEY: Yes; it is a contract, but actual legal tender is not taken back.

Mr. McGEER: When a depression comes along that is exactly what happens; the people are forced to convert their assets into cash. In the depression of 1929 that was the thing that brought about the appalling condition of bankruptcy, because of these liquid credits. People had invested largely in margin stocks; then they were called upon to convert those stocks into cash, and they had to get legal tender. I remember going to my own banker; he telephoned and said, "I want this security loan called." I said, "I suppose that goes for every one of your clients in this bank?" and his reply was that it did. I suppose every bank in Canada is doing the same thing. That applies not only to people like myself, who have not been gambling in the market, but to people who have been buying on margin. As a banker the minister knows that if this is the order that has gone out from the banks in Canada, and probably from the banks in the United States, to all people who have stocks as security, they must go on the market to convert those stocks into cash, and you know that will collapse the market in Canada and the United States. The very principle raised by the hon. member for St. Boniface, that they lend credit and are repaid in legal tender cash, is one of the tragic and badly misused powers enjoyed by the banking monopoly, and as yet the people have no protection or security against it.

Mr. ILSLEY: The point really is a new one to me, and I shall look into it to see whether I think there is really anything in it. The points brought up by the hon. member for Parry Sound are old; they have been discussed time after time. I cannot make my position much clearer than I have made it. Three or four times I have given the reasons why we are taking our present course, and I believe that course to be in the best interests of the country.

Mr. SLAGHT: May I mention just three matters for the minister to ponder during the recess, apropos of his explanation. He says that all this debt we are creating, and the interest we pay, is held in Canada so that it is a case of one Canadian paying another. Let me tell him that in the last victory loan there were 2,400,000 subscribers, individuals and others. There are in Canada 11,500,000 people, and of course one must make allowances for children; so that there are to-day 9,100,000 people in Canada who do not own a victory bond of any kind.

Let me give the minister one other point. He says that the chartered banks restricted their profits, and I want to give him this figure. There are 51,000 shareholders in the ten chartered banks of Canada; that information comes from the statement of the association of bankers. This means that four per cent of the people of Canada own bank shares and ninety-six per cent of the people of Canada have not a share of bank stock.

Mr. BLACKMORE: But they are paying the taxes.

Mr. SLAGHT: Yes; they are paying the taxes and giving the bankers the profit under the monopolistic system.

One more point and I am through. The minister says, you might just as well go on and let them do this—the British North America Act provides otherwise, but we surrendered that right—because if you take it away from them, we shall have to pay for the banks servicing us. For instance, a grocer then would have to pay so much a cheque, and so on. They are charging that now. I know a little grocery store in a country town that is paying the bank $10 a month to carry its current account.

Mr. ILSLEY: That is better than paying the bank $100 a month.

Mr. SLAGHT: It would not have to pay the bank $100 a month.

Mr. ILSLEY: Perhaps not, but it would have to pay a great deal more than $10.

Mr. SLAGHT: I say it would not have to pay nearly as much, and let me tell the minister why. The minister knows that the service the banks give is for the big corporatons, for big businesses, which have thousands of cheques go through in a day. That is the type of business that is using eighty-five per cent of the banking service of Canada. The working man in the factory and the farmer on

the farm may have little savings accounts, but they do not go near them more than two or three times a year. If they paid five cents every time they went there and deposited or withdrew money it might cost him fifty or seventy-five cents a year. People of that kind constitute eighty per cent of the population of Canada; they are the poor people, the taxpayers. This bugaboo about servicing the people does not mean a thing; the banks service big business.

Mr. ILSLEY: My hon. friend says it will just be soaking big business; so why worry.

Mr. SLAGHT: Oh, no, I do not.

Mr. ILSLEY: That is the argument.

Mr. SLAGHT: No, not at all.

Mr. ILSLEY: Then what did my hon. friend mean when he argued that as long as the service charge landed on big business it was not a thing we should worry about?

Mr. SLAGHT: What I meant was this. When a man takes a trip to Vancouver he expects to pay his way. A man who can afford to take that trip expects to pay the railway fare, the pullman fare, and all that sort of thing; but how many of the working men of this province are able to take a trip to Vancouver? Let the people who get the service pay for what they get; that is my principle, instead of giving the banks a monopoly which the minister has not yet attempted to justify or explain. The power to create money was given to the dominion under the British North America Act, but we gave it away to a bunch of individuals who represent four per cent of the people. I do not think the minister ever heard me offer to injure big business; I never preach that sort of doctrine. I had to tell him who use the banks; that is all. I only mean it in that sense, and in no other. I am telling him, however, on whom the burden falls. It falls on the little taxpayer paying eight per cent sales tax and now, since he is earning a little money, paying income tax. He is not using these services, but he is largely paying for them. My point is that those who use the services should pay for them in a reasonable and proper way.

Mr. ILSLEY: I wish to say that there are 4,000,000 savings accounts in the banks of Canada, and I will not countenance, if I can help it, the wiping out of the interest, even though it is 1½ per cent, I believe, on those savings accounts; I would not wipe out the interest of those 4,000,000 savings depositors, as my hon. friend is advocating to-night.

[Mr. Slaght.]

Mr. SLAGHT: No, not at all; let me say this, that I would not wipe out savings accounts. That is the last thing in the world I would do. That is another bugaboo which will not hold water. Let me tell the minister that the banks—

Mr. ILSLEY: I was referring only to the interest on the savings deposits.

Mr. SLAGHT: Of course they get interest on them. The banks pay 1½ per cent. But what rate do they lend it at? They lend it at 6½ and 7 per cent.

Mr. ILSLEY: And to us at three-quarters of 1 per cent.

Mr. SLAGHT: They do not lend you their savings at all. They lend you a bookkeeping entry, an entry in a book. You get a piece of credit, but it does not represent one dollar, in any way, of the savings.

Mr. ILSLEY: That does not matter—and my hon. friend is getting hot about this question. The interest that they pay out is a charge, a cost, against their doing business.

Mr. SLAGHT: Of course it is.

Mr. ILSLEY: My hon. friend says that we do not get the savings. He says that we borrow money from the bank. He points out that we deposit money in the bank, and that they have that money; that then we borrow money from the bank and pay it out, and that it goes back into the bank. And they pay out 1½ per cent when it does go back. Therefore that three-quarters of 1 per cent is a proper counter-charge or off-setting item against it. I admit that there are current accounts that are not handled in that way. However, my hon. friend's argument comes to this that he would substitute the new system of 100 per cent cash ratio, and this simply means that you would have large service charges, and you would have no savings bank interest whatsoever. There is no doubt about that. Everyone, I believe, who has given the matter any thought knows that would be the result. I do not know what would be accomplished by it. The hon. member said the service charge would be paid by big business. If the service charge were paid by big business, the taxpayers—the government—would suffer very considerably to the extent that they are liable for excess profits tax. And that still farther would impair the revenue position.

Mr. MACKENZIE (Vancouver Centre): This discussion has gone on for some time. Could we now consider the item?

Mr. BLACKMORE: We have only started. Before we leave this matter there are two or

three questions I wish to ask the minister. We have been at work on the problem for seven years now, and I should like to ask him some questions. I cannot see why he should not allow me to do so. Frequently in the last three years he has done that.

Mr. ILSLEY: I beg the hon. member's pardon?

Mr. BLACKMORE: Why does the minister not allow me to ask him questions while he is making one of his fine speeches?

Mr. ILSLEY: It upsets the sequence.

Mr. BLACKMORE: There are two facts the minister has overlooked. He has assumed that if $100 comes out of the Bank of Canada and goes into the Bank of Montreal so that the Bank of Montreal can lend ten times that $100, or $1,000, then immediately and automatically the Bank of Montreal will lend it. There is no justification for assuming that at all. First of all, how will the banks expand? Supposing the Bank of Montreal gets $100 as the Bank of Canada issues it, the Bank of Montreal simply cannot expand that $100 to $1,000 unless it can lend, can it? It must lend?

Mr. ILSLEY: Or buy securities.

Mr. BLACKMORE: It must lend.

Mr. ILSLEY: Or, as I say, buy securities.

Mr. BLACKMORE: It amounts to the same thing if it buys securities; all right. If it buys securities, the money is not getting into the hands of the ordinary citizen that the hon. member for Parry Sound spoke about. It is going into the hands of pretty big business, in all probability. It is altogether likely that it will not get out into common circulation at all, and that is a vital point to consider. The only way in the world in which the Bank of Montreal can expand that $100 into $1,000 into ordinary circulation is by lending money. And if it cannot get borrowers, it cannot lend the money.

Mr. ILSLEY: Or by buying securities. Why does my hon. friend leave that out?

Mr. BLACKMORE: We will come to that.

Mr. ILSLEY: Does it hurt his argument, and is it for that reason that he leaves it out?

Mr. BLACKMORE: No, not at all.

Mr. ILSLEY: Well, then, put it in.

Mr. BLACKMORE: But the government must realize, the Department of Finance must realize, surely, that the difficulty as far as securities were concerned, would lie in the controlling of securities. There are measures which can be adopted with respect to securities, measures which would control the security situation. But the general assumption is that all that is necessary is to take a billion dollars or a hundred million dollars out of the Bank of Canada, and that automatically it expands ten or fifteen times. The Hon. Charles Dunning used to say that, when he was in the house, in replying to the hon. member for Rosthern. That is absolute nonsense.

The minister says the banks would be buying securities. I grant they might unless controlled. The only other way in which they can expand is either by lending to produce goods such as sheep or shoes, or by lending probably to a wholesale or other organization which distributes. Those are the only three ways I can recall.

Now, if the government can control lending to buy securities, then all it has to be concerned about is the control of lending for production or distribution. Once that is recognized, it throws a whole lot of light on the situation. Does it not? If the Bank of Montreal or the other chartered banks wish to lend money to producers to-day, to whom would they lend? They would not lend unless people came in to borrow. Who would come in to borrow? Who has not now money enough, and would need to borrow? May I ask if there is any farmer in this country who would come in to borrow who is not now borrowing? Is there any merchant who would come in to borrow who is not now borrowing —or any wholesaler? If there is, then we must draw the conclusion, that the banks are restricting loans to those who want loans for distribution and production, something which I think the minister would not concede.

I have had bankers tell me time and again in the last three or four years that they now lend money freely to any accredited borrower. Then, how in the world would they lend any more money if they had a billion dollars worth of Bank of Canada money in their tills? It does not follow that just as soon as Bank of Canada money is issued, there is an extension of credit—except by loans. If there is anything wrong with that reasoning, will the minister explain it?

Mr. KNOWLES: I should like to draw the attention of the minister to a matter I wish he would look into. I believe it comes under this item, because I notice that under it there are certain expenses for the treasury board. It is a treasury board decision to which at this time I should like to call the attention of the minister. My information is in sessional paper 225D, which includes, first of all, a copy of

P.C. 6702 of August 26, 1941. This order in council sets out a regulation or provision concerning the payment of cost of living bonus to employees of the public service. Clause No. 18 in this order in council gives to the treasury board the power to make regulations not inconsistent with the provisions of the order in council to cover any matters that have not been covered by the order in council. Under that authority the treasury board on October 23, 1941, passed minute No. T-212473-B, the pertinent part of which is as follows:

In the case of employees paid on the basis of prevailing rates, where there have been increases in prevailing rates since August 1, 1939, bonus shall be payable on the basis of present total compensation, but there shall be deducted from the amount of the bonus, the amount of the increases in prevailing rate authorized for the class since August 1, 1939.

The reason why I made some further investigation of this matter and eventually secured this material was the fact that I took up with the Minister of National Defence for Air the case of a group of employees at No. 7 equipment depot of the Royal Canadian Air Force in Winnipeg who went through the experience of being awarded a cost of living bonus and then having a portion, if not all of it, taken away on this basis. It was some considerable time before we could find out just why it had been done. First, it was thought it was the Department of National Defence for Air that was responsible, and then it was thought it was the Department of Labour. For a long time we did not know who was responsible. I took the matter up in the house with the Minister of National Defence for Air and he could not believe that this had taken place, but in the course of time it was run down.

Mr. ILSLEY: The effect is to charge against the cost of living bonus any wage increase after August, 1939.

Mr. KNOWLES: So far as I can find out, that does not apply to employees in the public service other than those on prevailing rates.

Mr. ILSLEY: The other employees have not had their rates increased.

Mr. KNOWLES: The rates applicable to these different groups are in different amounts. In many instances the prevailing rates, particularly in the case of the employees to whom I refer, day labourers, were adjusted by provincial law in Manitoba. Some time later that law was changed and the bonus was literally taken away from them. It has the effect of regarding the prevailing rate or the minimum rate as a fair rate.

[Mr. Knowles.]

Mr. ILSLEY: I do not know that this is the way to leave it, but I shall look into the matter. That is probably all the hon. gentleman wants me to do, but I cannot just let it go at that. The whole scheme of the cost of living bonus for the civil servant was to give him what he was getting in August, 1939, plus a cost of living bonus since then. Some civil servants have had their rates of pay changed, and in order to pay them on a comparable basis with the other civil servants, you have to charge against the cost of living bonus the increase in wage rates that has taken place after August, 1939.

Mr. KNOWLES: These people are not civil servants; that is, they are not classified under the civil service commission.

Mr. ILSLEY: That is different. The hon. gentleman said we were not doing that with the rest of the civil servants.

Mr. KNOWLES: I am sorry if I got off on the wrong track. These are employees of the public service, but they are paid prevailing rates; they are not within civil service classifications. Their situation is really more comparable with that of industrial workers. In the case of industrial workers there have been cases where the original wage rate has been adjusted and then a cost of living bonus applied after that.

Mr. ILSLEY: But the cost of living bonus may not have been the full cost of living bonus; it would be a cost of living bonus paid after the adjustment of the wage rate.

Mr. KNOWLES: It is possible for industrial workers outside the public service to make application to the regional war labour boards to have a matter like this considered, but these people are neither one nor the other; they are not civil service employees nor are they people outside the public service. They are prevented by this minute of the treasury board from getting any consideration or adjustment.

Mr. ILSLEY: Were the wage rates raised after November 15, 1941?

Mr. KNOWLES: I cannot recall.

Mr. ILSLEY: If the hon. member is comparing them with industrial workers, a lot will depend on that, and if he is comparing them with civil servants, they are being treated just the same as civil servants. The order in council deals with the whole public service.

Mr. KNOWLES: I shall not take the time to press it further. I would appreciate it if the minister would look into it.

Item agreed to.

Old age pensions (including pensions to the blind)—

51. Old age pensions, including pensions to the blind, administration, $42,505.

Mr. McGEER: I do not want to take up the time of the committee unduly, but this is a matter with respect to which I have done a good deal of work this session. I had hoped that during this session parliament would have moved to extend to old age pensioners in Canada something of the same measure of consideration that has been extended to many other classes of people, none of whom are more deserving of the attention of parliament and of the ministry than are the old age pensioners. This government has assumed an enormous war burden, but it has not been lacking in its appreciation and fulfilment of its domestic duties during this period of war crisis. The government has increased the pay of the soldier; it has improved everything required by the soldier in the way of clothing, food and shelter; it has extended a measure of consideration to the soldier's dependents, and I think in this regard we as Canadians can proudly say that we are caring for our armed forces and their dependents as well as any nation in the world. We have taken care of the wage-earner by means of bonuses and controlling the cost of living, and in numerous other ways others have been taken care of. But we have neglected to recognize the old age pensioner as a class that is worthy of just as much attention as we have extended to others.

This year the matter came up by way of a question to the minister to ascertain whether or not the cost of living bonus could not be extended to the old age pensioner, and I must confess that I was deeply concerned with the reply that the minister gave, because I believe that in all of the social reforms that are facing us to-day, success in dealing with them is largely a matter of attitude. The attitude of the minister to the old age pensioner seemed to me to be a repudiation of well established Liberal policy, and following that statement which was made in the house on April 1, I wrote to each of the provincial premiers throughout Canada the following letter:

On April 2 last I wrote to each of our provincial Prime Ministers enclosing a copy of *Hansard* covering the debates in the House of Commons of April 1st last, and drew attention to certain statements made by the Minister of Finance which I felt were of vital interest to all provincial governments.

In view of the replies received, copies of which I enclose, may I again draw your attention to the position taken by the Minister of Finance which I think may be fairly summarized as follows:

(1) The responsibility for old age pensions is primarily of provincial jurisdiction;

(2) The amount paid to old age pensioners is inadequate;

(3) The dominion government will not contribute any portion of any increase in the amount payable;

(4) The provincial governments are now in a better position to meet the cost of old age pensions than is the dominion government;

(5) The dominion government will give consideration to a request made by substantially all of the provinces for a reconsideration of the maximum limit in the Old Age Pensions Act (see *Hansard*, April 1, 1943, pages 1789 to 1793 inclusive).

I at once challenged the position taken by the minister because I believed that the settled policy of the Liberal party and our government is as follows:

(1) The British North America Act should be amended so that:

(a) The principle of the old age pensions which is sound, would become the exclusive obligation of the federal parliament;

(b) All old age pensions should be administered under one national policy;

(c) All costs, administrative and otherwise, should be borne by the federal government.

These conclusions I believe correctly summarize the old age pension policy enunciated by the Right Honourable W. L. Mackenzie King, now Prime Minister, when he was describing the policy of his government which passed the present Old Age Pensions Act in 1927, despite the fact that the act of 1926 had been disallowed by the Senate.

I enclose herewith a copy of the records in *Hansard* containing the relevant remarks of Mr. King to which I have referred.

Until the Hon. Mr. Ilsley's statement of last November, and repeated in the house April 1st—

And repeated substantially I think here again to-day:

—I have never known of any change in the policy defined by Mr. King.

In view of the attitude now taken by the Minister of Finance, the provincial governments must act if old age pensions are to be changed from a provincial to a national responsibility.

What is needed at the moment is a request by the provincial governments that:

(1) The British North America Act be amended to nationalize old age pensions;

(2) The age limit be reduced;

(3) The maximum payable be raised;

(4) Many of the arbitrary restrictions now in the act and the regulations be repealed;

(5) The policy adopted for old age pensioners should be extended to include pensions to the blind and mothers' allowances;

(6) The proportion paid by the federal government for pensions and administration should, pending the amendment to the constitution, be increased to ninety-nine per cent.

These requests, if acceded to, would put the policy as enunciated by Mr. King into effect and extend a similar measure of that favourable consideration which has been given to wage earners through the cost-of-living bonus, to soldiers and soldiers' dependents whose pay and allowances have been increased, and would raise the pension standards to what is now generally recognized as reasonable and just.

I can assure you that if the plan proposed is proceeded with, or some other action taken, that it will find very generous support in the House of Commons and I know that there are a great many members like myself who are anxious and willing to place our services at your disposal.

I have always understood that the policy defined by Mr. King would be put into effect as soon as the provincial governments would agree to the necessary amendment to the constitution.

At the same time I wrote to the Prime Minister under date of June 15:

My dear Mr. King,

I have always believed your policy on old age pensions to be based upon the following assumptions:

(1) The principle of old age pensions is sound;

(2) The act passed in the House of Commons and vetoed in the Senate in 1926 and enacted in 1927 would have the approval of public opinion which in turn would bring all provincial governments to accept its terms and eventually agree to the amendment required to make old age pensions a national institution when,

(a) old age pensions would be administered and paid by the federal government;

(b) all old age pensioners in Canada would receive equal and adequate consideration.

The bitter opposition to your policy came from those who believed:

(1) The cost would be too great;

(2) The system should be contributory;

(3) The responsibility was provincial and not federal;

(4) The principle was unsound and socialistic and against public interest.

No doubt you will recall the attitude of the provinces in 1924 and 1925. British Columbia at that time was the only province asking that old age pensions be established. All of the provinces, including British Columbia, refused at that time to agree to bear any share in the liability, and Quebec definitely repudiated the principle.

Notwithstanding the all-out opposition, the adverse attitude of the provinces and the veto of the senate, repudiated by popular vote in 1926, the Old Age Pension Act become a federal law under your leadership in 1927.

British Columbia came in the same year. Manitoba and Saskatchewan followed in 1928. Alberta and Ontario came in and the act was applied to the Northwest Territories in 1929. Nova Scotia and Prince Edward Island joined in 1933, and in 1936 Quebec and New Brunswick made the proposition unanimous.

Public opinion to-day not only endorses the principle of old age pensions but goes far beyond and now demands a sweeping programme of social service reform.

Time, in less than 20 years, has made the vindication of your forward leadership in the field of social service reform a matter of Canadian history.

You will notice in the correspondence a quotation from your remarks in the House of Commons on June 2, 1931. May I also refer you to: *Hansard*, July 20, 1931, page 3947; *Hansard*, July 28, 1931, page 4230. In these addresses you again took the lead by declaring that the constitution should be amended to nationalize old age pensions.

[Mr. McGeer.]

I put that on the record because I believe it is a fair interpretation of the Liberal policy as defined over the years and enunciated by the Prime Minister, in contrast with the attitude taken by the Minister of Finance to-day. Again the Minister of Finance tells us: I cannot afford it. That is equivalent to saying what was said by the Tories and senators who vetoed the bill—it would cost too much. The minister admits that the amount is inadequate, but again he says: It is a matter of provincial and not federal jurisdiction.

Mr. ILSLEY: Where did I say we could not afford it?

Mr. McGEER: The minister did not say that in so many words, but what he did say was this:

I cannot see why, in a state of affairs where all the provinces have surpluses, and some of them enormous surpluses, the provinces should not undertake this, which is primarily their responsibility, not ours, instead of calling on us, with our huge deficits, running up to two and three thousand million dollars a year. Certainly we are budgeting for a deficit of $2,750,000,000 while all the provinces, as I have said before, are in heavy surplus. . . .

I know there is great interest in this matter, and I know it is a very great problem; but do hon. members think that when we are in the middle of a great war it is in the interests of the war effort for the government to pour out money and more money and still more money which will be spent on goods and services? . . .

We recognize the problem here. I am not going to say the present level of old age pensions is a satisfactory one. But why grind at the dominion government all the time, with its terrific burdens, and with its deficit of two or three billions? Why drive us, or make it almost impossible for us to carry on at all?

That, I take it, is just another way of saying that it is beyond the financial power of the dominion government—which is the equivalent of saying it costs too much. Now I want to deal with that for a moment. We are able to finance the production of an enormous war programme. At the same time we are able to finance, and did last year, the production of a thousand million dollars worth of goods and services which we handed out as a gift to Britain. That was no gift to Britain, in my humble opinion; it was simply a contribution of war energy which we had available and which should have been put where it was sent. But this year we are able to finance another thousand million dollars and hand it over as mutual aid to our allies. Every Canadian is proud to endorse that attitude. But a nation which can produce a thousand million dollars' worth of goods and services in

two successive years cannot be heard to say in the same breath, "we cannot take care of our old age pensioners."

Look at your cost of living bonuses. They are not applied on a basis of necessity. It does not matter what the wage rate is, the cost of living bonus goes with it, and millions, yes, hundreds of millions of dollars directly and indirectly have been paid out as cost of living bonuses. A nation which can do that cannot be heard to say that they cannot take care of their old age pensioners. It does not add up to common sense.

On the question of whether or not we should treat the old age pension as a provincial and not a federal responsibility, that attitude has been repudiated by Liberalism ever since 1908. Technically old age pensions may come within a strict interpretation of subsections 7 and 13 of section 92 of the British North America Act. But I, speaking as a lawyer, could never believe that anybody had any right in an old age pension in 1867 in any colony, or had any property interest in it. There was no such thing in existence in 1867, either in reality or in the minds of the fathers of confederation, when the term "property and civil rights" was written into our statute. Subsection 7, which deals with charity and hospitals and asylums and eleemosynary institutions, is not in my opinion broad enough to include an institution such as old age pensions, which entirely reverses the attitude toward people of old age. We did away with the poorhouse; we did away with charity, and we established a federal act under which people took a contribution from the state not as a matter of charity, not as a matter of gift, but as a matter of right under the letter of the law. But we have accepted it as provincial.

Let me refer to a little bit of history, and I will not take very long. In 1908 Sir Wilfrid Laurier moved the first resolution in the House of Commons of Canada to investigate the subject of old age pensions. The Hon. Rodolphe Lemieux was Minister of Labour, and that year he appointed Mr. Blue, dominion statistician, Professor Shortt and Mr. Mackenzie King to prepare some evidence which would be valuable. As a matter of fact, old age pensions disappeared with the defeat of the Liberal administration in 1911, but it was a tremendously active subject in England during those years, and it appeared in "Industry and Humanity," written by the present Prime Minister and published in 1918. I have found that book one which every minister of finance should read. I just want to give one quotation from it. He points out that debt binds health as it binds freedom—and it is in this attitude of the minister who tells us that we can finance with ease, if we can keep up our national income, an enormous increase in our debt and who at the same time tells us the granting of a reasonable allowance to our old age pensioners is going to cripple our war effort.

Mr. ILSLEY: I did not say that.

Mr. McGEER: You did not?

Mr. ILSLEY: No.

Mr. McGEER: Well, just a minute. You sometimes do not realize what you do say. Here is what you said:

> But why grind at the dominion government all the time, with its terrific burdens, and with its deficit of two or three billion? Why drive us, or make it almost impossible for us to carry on at all?

We were not dealing with anything but old age pensions when you made that statement.

Mr. ILSLEY: I think we were dealing with other things.

Mr. McGEER: Oh, no, you were not.

Mr. ILSLEY: At any rate I did not use the words, "cripple our war effort."

Mr. McGEER: Well, I apologize. I will simply give you the words you did say, which I think are stronger than that.

Mr. ILSLEY: Well, you did that.

Mr. McGEER:

> Why drive us, or make it impossible for us to carry on at all.

We were driving you then to give the old age pensioners a decent living subsistence allowance, which they were not given.

Mr. ILSLEY: I think I was talking about the general attitude of wanting the dominion government to do everything in time of war.

Mr. McGEER: Maybe you were.

Mr. ILSLEY: I meant to, anyway.

Mr. McGEER: At any rate, the minister was emphasizing the danger which was coming over the land if he was called upon to meet this old age pension liability.

That was the start of it. In 1919 the Liberal convention met, and we passed as part of our platform the old age pension policy. In 1921 the province of British Columbia requested the government to establish old age pensions. In 1922 J. E. Fontaine, the member for Hull, moved

> that, in the opinion of this house the dominion government should consider the advisability of devising ways and means for the establishment of a system of old age pensions in Canada.

The matter was investigated in 1924 and 1925, and in 1926 we introduced the bill. In introducing that resolution, J. E. Fontaine, Liberal member for Hull, said:

I do not wish, Mr. Speaker, to raise a political question out of this resolution; I am fully confident that hon. members of this house, whether they sit on your right or on your left, will consider it on its merit, but I hope I shall be permitted to say that it is an essentially Liberal idea and that it would be proper for the Liberal party to carry it out. We on this side of the house should consider that wish expressed by Sir Wilfrid Laurier in 1916 and embodied in a resolution at the great convention of the Liberal party in 1919. . . .

Now, take what happened. That bill was passed. The very arguments used the other evening by the Minister of Finance, that it will cost too much; that it should be contributory; that it is a matter of provincial jurisdiction, were the arguments used by the Tory opposition and the senators who by a large majority vetoed that bill which was presented to the electors in the election of 1926, along with the great constitutional issue of whether or not the Prime Minister's advice must be taken by the governor general, and the electors of Canada were told that if the Liberals were elected that bill would be passed, and that if the senate dared to veto it again, the senate would be reformed.

What happened? The Liberals were returned. One of the first things they did was to introduce that bill. The bill was passed unanimously and accepted by the senate, and when one of the hon. members rose in his place and asked the then Minister of Labour, the Hon. Peter Heenan, if he was aware that the bill had passed the senate, his reply was, "Yes; it has not only passed the senate, but it has reformed the senate."

It was then that we took the responsibility as Liberals of making old age pensions a federal responsibility. What was the attitude of the Conservative party on that occasion? It will be found in *Hansard* of February 15, 1927, as reported at page 331. The Hon. Mr. Guthrie was speaking. He said:

I am speaking at this moment in order to make our position absolutely clear upon this question. The position of the Conservative party in this house in regard to old age pensions as proposed in this measure is this. We prefer a federal scheme. We prefer a scheme which will apply equally to every corner of Canada. This bill is limited to those persons who are in destitution and who have reached the age of seventy years. Apply the proposal to the Dominion of Canada equally and let the dominion treasury bear the expense.

That was the attitude of the Conservative party, and that attitude, I must state, was followed out later on by the Prime Minister (Mr. Mackenzie King). On April 18, 1928, the Prime Minister at a banquet of the National Federation of Liberal Women of Canada in Ottawa said:

Following the sequence which I adopted in referring to British legislation, let me now refer briefly to social legislation in Canada. The establishment of a federal Department of Labour, with the subsequent enactment of anti-sweating legislation, the prevention of industrial disputes by conciliation and investigation, the establishment of a system of government annuities, the provision made for the gradual extension throughout the dominion of a system of old age pensions, all these are examples in the realm of industry of the successful application of the principle of the future under Liberal administration which have served to bring to the working people of our land a wider measure of security against the hazards of industrial life. In the system of old age pensions inaugurated within the past year or two there is recognition, if such there ever was, of a community obligation to those who have borne the burden and heat of the day. Old age pensions are a part of the new Liberalism which seeks to secure the individual, in his advancing years, against the hazards of industrial life which takes from the masses of the people much of their energy and strength and leave them too often when the days of earning power are diminishing, with little in the way of security or protection in old age.

That was not the only time we declared old age pensions to be a Liberal policy and a federal Liberal responsibility. Speaking in the House of Commons on June 2, 1931, as recorded in *Hansard* at page 2260, the present Prime Minister made this statement:

The Liberal administration fought for many years for an old age pension act, and care I think was taken to make it clear that an amendment to the British North America Act would be required before this federal government would have power to administer an old age pension scheme. It was recognized that an amendment to the British North America Act would take some time, and for that reason the government of the day adopted the method of agreeing to give these grants in aid to the provinces on condition that they would carry out a scheme framed by the federal government which would be similar in all the provinces.

An hon. Member: A vicious principle.

Mr. Mackenzie King: The principle, from a financial point of view, was unsound. I am quite prepared to concede that. But I will go a step further and say that, in my opinion, this parliament ought to remedy the unsoundness of the principle, not by discontinuing to vote money for old age pensions, but by assuming the entire obligation, one hundred per cent. This government should take over the whole scheme and itself pay out the money. That is the position that should be taken; that is the proper way to remedy what there is of unsoundness in the principle.

A little later on, on July 20, 1931, as recorded at page 3947 of *Hansard*, the present Prime Minister made this statement:

Should a contributory system be under discussion there may be differences of view with regard to it, and the government may be faced

with the possibility of having to carry on the original scheme increasing to 100 per cent the amount that is going to the provinces, or take over the entire administration itself. I would therefore suggest that the Prime Minister institute steps immediately to clear the way for the possibility of the federal government itself at the earliest possible moment administering the old age pension scheme, so that if parliament is asked to make any larger contribution out of the federal treasury it will be sure that it will have the right to administer the moneys in its own hands, and that no exception can be taken to its administering the scheme in its entirety. Indeed it should secure this right where the amount of the federal contribution exceeds 50 per cent as will be the case when the bill based on this resolution is enacted.

The bill was passed, and the amount of the contribution is now 75 per cent. Again, on July 28, 1931, as recorded at page 4230 of *Hansard,* the present Prime Minister said:

My remarks were all intended to convey the hope that the government would move as rapidly as possible towards the administration of the scheme in its entirety in order completely to relieve the provinces of that responsibility. . . . . The government of the day had been advised by the Department of Justice as to its authority and rights and powers in the matter, and as a result of the advice given the government reached the necessary conclusion that unless it were to be made a contributory scheme, which at the time we were not prepared to consider, the federal government could not inaugurate an old age pension scheme in any other way than by grants to the provinces. That was the reason why the government of the day made the grant of 50 per cent; it did so with a view to bringing about throughout Canada a uniform system of old age pensions and also with a view to giving time to remove any constitutional impediment to the dominion taking over the entire scheme. It was felt that the fact that all the provinces would be prepared to accept an old age pension scheme on the lines laid down to secure uniformity would of itself be the strongest evidence that it was desirable to have such a scheme on a national scale, administered federally.

What has happened? Since that time every province in the dominion has come in. In the letters I have received from the premier of British Columbia, he has endorsed the increasing of the amount to $30 a month and has endorsed the proposal for reducing the age limit to sixty-five for men and sixty for women. The province of Quebec, which condemned the principle of old age pensions as unsound, has now accepted that principle as sound, and the premier of that province, according to his statements appearing in the press in the reports of the Quebec legislature, asked the government to consider reducing the age limit to sixty-five years. In Nova Scotia, one of the provinces that condemned the principle as unsound in 1925, they have now agreed that the ceiling should be lifted to $30 a month. The Prime Minister, with his remarkable ability to look into the future, saw that once the principle of old age pensions was established as a sound one, public opinion would force the provincial governments to bring it into being. They have followed that course, and to-day throughout this dominion 185,000 aged Canadians in a condition of dire poverty are getting the benefit of a meagre $20 a month. Has the time not come for us as a parliament to continue that work, to go forward with an amendment to the constitution, as the Prime Minister suggested, to bring about the nationalization of the institution and establish a scheme of old age pensions under which every beneficiary throughout the dominion will receive the same quantum of benefit?

I should like to draw the attention of hon. members to the difference between our attitude toward old age pensions and that of Australia. I have the greatest sympathy for the Minister of Finance in the problems he is facing, and I have no hesitation in repeating what I have said before, that I do not think we have ever had a minister more devoted or more alive to his responsibilities. With the system under which he is operating I do not think there has been another minister who performed his duties as well as they have been performed by the present minister. Probably he is the last orthodox Minister of Finance we shall ever have in Canada, but it is altogether probable that long before he has ended his days of useful service he will see the light and become a practical administrator not of sound money but of sane national finance.

Now the minister tells us that it would be a terrible thing if we brought the old age pension up to $30 a month, because probably we would get an increasing cycle of rising prices that would spiral into an inflationary St. Vitus dance. Whoever heard of inflation coming from the expenditures of old age pensioners? Yet that is what we were told here the other night. They are fighting this war in Australia, from positions more dangerous than our own, and they are putting everything they have into it just as we are. Does anyone suggest that their old age pension scheme has injured their war effort or caused them to suffer from inflation? But Canadians are so far behind Australians that it should be an inspiration to us to move onward. The population of Canada is 11,566,000. The population of Australia is 7,000,000, so that we have 64 per cent more population than they have. The number of old age pensioners in Canada, taking the figure for 1942, is 185,000; in Australia it is 275,000. They have invalid pensioners numbering 60,000; we have none in Canada. Pensioners in Canada total 185,000, and in Australia, 336,000, so that they have 150,000

more old age pension beneficiaries, though we have 60 per cent more population. The total amount paid in pensions in Australia is $93,580,000; in Canada for this year it will be roughly $30,000,000 from the federal government, which bears three-quarters of the cost, which would bring our total up to $40,500,000. If we were paying in proportion to our population the same amount as Australia is paying, we would pay out $146,000,000 a year. Yet we tremble about inflation and about our financial position in the war when we think of going not nearly as far as Australia has gone. Our age limit for both men and women is seventy; in Australia it is sixty-five for men and sixty for women. The average pension paid throughout the dominion ranges from 61 cents a day in British Columbia down to about 38 cents a day in Prince Edward Island. Does any man in this house believe that an old age pensioner can get along in the cities of Canada on $20 a month? Yet this parliament has frozen that amount by an act which was passed in 1927. It is this parliament that fixed the age limit at seventy years; it is this parliament that has put on the ceiling of $20 a month, and it is the duty of this parliament to reduce that age limit and to lift that ceiling. I for one feel more disappointed over going home without doing that much for the old age pensioners than in connection with anything else that has ever happened in this house.

I wish to draw the attention of hon. members to another reason why these pensions should be federalized, something that was foreseen by the Prime Minister when he brought in this measure. I refer to the disparity as between the provinces in the amounts paid. Is there any Canadian who speaks of national unity who does not believe that every old age pensioner, whether he be in British Columbia, Quebec, Ontario, or Prince Edward Island, should receive the same amount? Yet here is how it works out on a monthly basis, according to the figures I was able to secure from the pensions branch of the Department of Finance. The average monthly pension is as follows:

British Columbia	$19 02
Alberta	18 63
Saskatchewan	17 17
Manitoba	18 70
Ontario	18 66
Quebec	16 20
New Brunswick	14 89
Nova Scotia	15 06
Prince Edward Island	11 57

Of course, if you want to build a nation on disunity, leave things such as old age pensions under provincial jurisdiction; leave this sort of disparity throughout the land as evidence that impartial justice is not the goal of federal government.

There is one other feature on which I want to say just a word.

The CHAIRMAN: Order. The hon. member has now spoken for forty minutes.

Mr. MACKENZIE KING: Perhaps the hon. member might be allowed to proceed.

Some hon. MEMBERS: Agreed.

Mr. McGEER: Thank you; after all, I have not taken up very much time this year.

I wanted to say to hon. members that we are entirely wrong in our attitude when we think we cannot finance old age pensions. I recall standing in my place in this house and pleading with the government to put people to work. We needed roads; we needed a lot of things. We were told we could not find the money, and that we had to tighten our belts. We were told we had to balance the budget and that we had to keep our credit good. We had to borrow where the accumulated savings of the world were. I said at that time that if war ever comes one of the things we shall find out is that we shall have no difficulty in finding unlimited amounts of money to carry on the destructive enterprise of war. Will anybody say that a nation which can find billions upon billions—which we have found—with ease would have any difficulty in finding enough money to pay the old age pensioners a reasonable living allowance? It does not add up to common sense.

But remember this, that when you give an old age pensioner a living allowance he spends it. He puts it to work. He buys his food and his shelter. He provides employment for the primary producer, who produces the eggs and bacon, butter, bread, vegetables and other things that he needs, as the bare necessities of life. That money circulates throughout the community, and it probably adds up to twenty times the volume of business that the actual old age pension itself amounted to.

When we come to deal with the values of that type of investment it seems to me that we should be pretty well on the way with it now, because when we come to put back to work all the men we have in war industry, all the women we have in war industry, and all those who will be retiring from the fighting forces, we are going to find that one of the real social problems is that of eliminating producers and at the same time continuing them as consumers. That is one reason why the age limit should be reduced, and the amount of pension increased.

Can that be done? Is that possible within the limits of the financial power we have demonstrated that we possess? This is one thing which concerns me when I think of the Department of Finance and the old age pensioners. If to-day we cannot take care of the war needs of the old age pensioners, how are we to take care of the reconstruction programme that will be just as difficult and just as hard to manage as has been the war problem through which we have passed? If that is to be the attitude toward the recovery and reconstruction programme, then my fear is that we have lost the peace before we have signed the armistice. And it must then be the duty of this parliament to change the attitude of the Department of Finance.

Let me say, in conclusion, that for too long have men who think in terms of money had control of the bridge of the ship of state. The time has come when the statesmen, the engineers, the architects, the sociologists, the men who plan the life of the community shall be the captains on the bridge of that ship of state, and shall give their orders to the Department of Finance to provide the fuel.

I am not speaking to-night because I have any hope that this parliament will do anything about this matter. But I do know that provincial premiers from one end of Canada to the other are coming here. They are organizing now to come here, and among the problems they will discuss will be the problem of old age pensions. It is my hope that at the coming session of parliament, as a result of this conference, Canada will be able to receive from this government and from parliament, as a part of a new social security programme, an old age pension which will place us in the forefront of the nations of the world in respect of the care and consideration we are going to give to those who have reached the eventide of life in a condition of need, and a place where they need the help of the state.

Mr. ILSLEY: Mr. Chairman, I shall be brief, because I am as anxious as anyone that we should conclude at the earliest possible moment. The hon. member made a strong argument for a constitutional amendment—and that was the most of what he said. He referred to the attitude and statements of the Prime Minister through the years, and he cited a number of speeches the Prime Minister had made to the public and to parliament. As I followed those speeches, it appeared to me that they were all consistent with the view that there should be a constitutional amendment placing this subject within the jurisdiction of the federal parliament. I wish to say that I, myself, am in favour of old age pensions being within the jurisdiction of the dominion parliament; and I look forward to the day when there will be in force in Canada a system of contributory old age pensions, along the lines recommended by the Beveridge report, or something of that kind, and administered on a nation-wide scale by this parliament.

When my hon. friend attacks either the Minister of Finance or the Department of Finance, or both, for their unsocial attitude, he is very wide of the mark, because I am merely taking the jurisdictional position as I find it. I never have made any argument against the dominion parliament's procuring the jurisdiction. I have simply acknowledged a jurisdictional fact, and that is that, as matters stand to-day, this is primarily the responsibility of the provinces. That is what I said, and that is all I said.

I have said that I could not understand why, that being the case, the provinces should not assume that responsibility. That was what I said in my speech in November of 1941. Nevertheless I did say in that speech that if all or substantially all of the provinces would make representations in favour of an amendment to the Old Age Pensions Act by raising the maximum pension, consideration would be given to those representations. They have been making such representations, one by one, ever since.

Mr. McGEER: They have all made them now.

Mr. ILSLEY: I said that this morning.

Mr. McGEER: Why have they not got results?

Mr. ILSLEY: The representations of Quebec were made on July 12, and those of Prince Edward Island have just been made. I thought I was justified, and the government thought it was quite justified in standing on the position it took in 1941, particularly as many of the provinces have been paying supplementary allowances. I include in that statement the province of British Columbia, which has been paying $25 instead of $20. And that applies to Alberta as well.

Mr. McGEER: And Saskatchewan and Manitoba agreed to give five, and they paid only twenty-five per cent of it.

Mr. ILSLEY: Well, I am not going to carry on an argument on the question as to whether or not there should be an amendment to the constitution. That is a different matter. The speech the hon. gentleman made to-night

is one which he evidently had prepared for some other occasion. While it was a very good speech, it did not apply to the present situation. It takes no account whatever of the announcement I made this morning. By the announcement I made this morning I went just as far as I am justified in going on the basis of general provincial consent. While this is a matter of provincial responsibility, I am only going on the basis of general provincial consent. At least I think that should be the policy of the government, and it has been the policy to date.

With regard to the assumption of the cost by the government, I may have said on some other occasion that the people were driving at us from every hand and from all sides to assume projects in time of war. This afternoon I just happened to come in when the hon. member for Battle River (Mr. Fair) was saying, "What is a dollar from every member of the populaton; what is $11,000,000 to help these poor soldier settlers?" Then the hon. member for Vancouver-Burrard comes along and, while he does not estimate the amount per person, he tells us that on the basis of Australia it would cost $146,000,000. Nearly every member of this house has the same argument to advance about some project or another.

Mr. BLACKMORE: We have the men and materials.

Mr. ILSLEY: We have neither the men nor the materials for unlimited expenditures. We cannot do that—I will use the word—without crippling our war effort. We cannot meet all the demands made by members of this house for expenditures running from $10,000,000 to $125,000,000 without crippling our war effort. The use of men and materials would cripple our war effort completely. It may be that I may have said something on some previous occasion about being ground at and driven at from all sides for money from the federal treasury. I dare say I did, because sometimes I have to speak extemporaneously. I do not prepare a speech for four or five months; I have just to say what is in my mind. I may have showed a little impatience about the demands that are made on the treasury for money.

Mr. McGEER: You would not say that you could not take care of old age pensions without crippling us, would you?

Mr. ILSLEY: I do not think I would say that about any one of these things, but when you multiply it by a hundred, I would say that. That is the trouble. The Prime Minister and the government of 1926 to 1930 proceeded, not on the assumption that this was a matter primarily of dominion responsibility, as the hon. gentleman seems to argue, but on the assumption that it was not. That is the reason why they made grants in aid to the provinces, leaving the administrative machinery in the hands of the provinces. These pensions are not paid to old age pensioners in Canada by the dominion government; they are paid by the provincial government, and the dominion government makes grants in aid to enable them to do so. The proposal is to increase these grants in aid under our present constitution.

I do not think there is anything unreasonable or uneconomical or obsolete about the view that, when the provinces have changed their position from a combined deficit of perhaps $20,000,000 before the war to a combined surplus of from $60,000,000 to $70,000,000 today, while we have changed our position from a balance before the war to a deficit of over two billion dollars today, the people who have the primary responsibility should take the thing in hand. Nevertheless I made the statement in November, 1941, that if the provinces would come forward, we would give consideration to their representations. We have carried that out to the letter and just as soon as it could be carried out unless we were to take the initiative and go after the provinces. I did not think we should take the initiative, and I declined to do it because theirs is the primary responsibility. That is all I have to say.

Mr. ESLING: A condition has arisen in connection with the administration of the act which was never anticipated. I refer particularly to the provision which restricts the earnings of a pensioner to $125 a year, to bring him up to a total of $365. Anything he may earn in excess of this amount is deducted from his pension by the province. Never in the history of Canada has there been such a need for labour, and many of these old age pensioners could do light work such as gardening and so forth. They are anxious to do it and their services would be most acceptable. I know of one case in my own community where a man had earned $25 a month for a year, or a total of $300. When the inspector came around and discovered this, his pension was reduced from $20 a month to $14 a month for fifty months until he had repaid the $300 he had earned.

Mr. BLACKMORE: Shame!

Mr. ESLING: Surely this situation could be taken care of administratively.

Mr. ILSLEY: I know the situation to which the hon. gentleman refers.

Mr. MacINNIS: I would apologize for rising at this late hour when we hope to adjourn had it not been for the appeasing attitude the government has adopted with regard to the speeches already delivered on old age pensions. I do not see any reason why I should hold my hand, or, should I say, hold my tongue, at this moment. First, I wish to draw a little bit of history to the attention of the hon. member for Vancouver-Burrard (Mr. McGeer) which, in his delving, he failed to note. He gave the Prime Minister (Mr. Mackenzie King) a great deal of credit for the present Old Age Pensions Act. If one does not have to live on $20 a month, I suppose one would be ready to give credit for the act. The fact that the amount of the old age pension, $20 a month, is as small as it is, and that the age at which a person is eligible is set at seventy years, seems to me to be proof positive that whoever put the Old Age Pensions Act on the statute books did so unwillingly. Because it was done unwillingly, as little as possible was given. I have often wondered how they came to the conclusion that the eligible age should be seventy years; at least I wondered before I came to parliament. After I came here and found how fluently the Prime Minister could quote scripture, I wondered no longer. I think it is the ninetieth psalm that says that the age of man is three score years and ten. That is the age when a man about comes to the end of his tether. When the Prime Minister was trying to urge his cabinet and supporters to accept old age pensions I can hear him saying "We will make the eligible age seventy years; any one who is alive at seventy will not live much longer on $20 a month, so that it will not cost us very much." That is a conclusion that I have come to. The two people who were responsible for forcing old age pensions on this parliament were J. S. Woodsworth and A. A. Heaps. The reason why there has been no amendment since that time to reduce the eligible age or increase the amount is that the governments in power have always had in every parliament a huge majority, so that the government did not have to grant concessions to remain in power. Let us be quite frank and clear about how these things happen. The people of Canada for the last seventeen years could have had far better government had they had the good sense not to give the government in power such large majorities as they did.

I know that the minister made a statement this morning informing the house that the old age pension is to be increased. I imagine that all that can be said about that is that it is better than nothing. I cannot agree that the responsibility is a provincial one. I know that under the British North America Act, it is; but I cannot agree that it is a provincial responsibility, because every step in regard to old age pensions has been instituted by the federal government; and if the federal government had not taken those steps, there would be no Old Age Pensions Act on the statute books of any province in the dominion. Remember that the Old Age Pensions Act is a federal statute. It decides the age and it decides the amount. The federal government is paying seventy-five per cent of the cost. Surely the logic of events has made the old age pensions a national responsibility, and not a provincial responsibility.

This matter was discussed in the social security committee, and I understood that we would have an opportunity to discuss old age pensions on the report of that committee. As a matter of fact, I was promised on two occasions that that would be the case. But we have not been given the opportunity.

I agree with some of the things that the hon. member for Vancouver-Burrard has said. Some of those things I think should be made a little clearer. I listened to the discussion on money this afternoon, about as cockeyed a discussion as I ever heard. The fact of the matter is not whether we are borrowing credit or borrowing money. The fact is that we are borrowing goods—aluminum, nickel, timber and so forth. It is in these goods that we shall have to pay back, and it is because those to whom we would pay back those goods cannot accept them that our economy, I think, will break down.

Mr. BLACKMORE: You cannot do it without money.

Mr. MacINNIS: If you produce enough you can distribute it, if you have brains enough.

Mr. BLACKMORE: Not without money.

Mr. MacINNIS: You can make your own money and call it anything you like.

I think the old age pension should be increased to at least $365 a year. The eligible age should be reduced from seventy to sixty-five for men and to sixty for women. I also think that where there is a reduction in the pension on account of the amount of the pensioner's other income, that reduction should be on a sliding scale, so that his other income should be at least double the pension before the pension would disappear. A table with

respect to that was placed before the social security committee by the Canadian National Institute for the Blind.

I should like to draw attention to an investigation made by the commissioner of public welfare in the city of Toronto into old age pensions. After the most careful study the commissioner came to the conclusion that the pension for a person living as part of a family should be increased by approximately $3.50 a month and for a person living alone by $9.25 a month. I want the committee to note what the pension will buy in the essentials of life. These purchases have been carefully worked out. For a person living as one of a family, food is computed at $9.27 a month, and for a person living alone, at $10.40 a month; clothing for women is computed at $1.92 and for men at $2.53 a month; shelter, including heat and services, is computed for a person living with a family at $8 a month, and for a person living alone at $12 a month. Incidentals are computed at $4.33 a month for a person living with a family and for a person living alone. There is very little for anything except the bare necessities of life, and a man cannot live on the bare necessities of life. He has to have those bare necessities to live at all, but on the present amount of the old age pension he is not living; he is just existing. I am sorry indeed that the government has not seen fit to increase the old age pension to an amount that would give the pensioner at least one dollar for every day in the year.

Mr. NEILL: I assure the minister that my remarks will be as extemporaneous as his own, if that has any merit. My notes are here, but in very scattered form.

I do not believe the hon. member for Vancouver-Burrard could have introduced a more popular subject in the country or introduced it at a more unpopular time and place. I do not blame him for that. He had difficulties which were not of his own making.

I am not going to say anything to-night with respect to the argument for increasing old age pensions, because it has been repeated so often by so many people in the house and the hour is so late. Everyone knows my sentiments and they are almost unanimous, so that I shall not enlarge on the reasons to-night why we should give a greater measure of support generally to aged people along these lines.

I wish to deal for a moment with the remarks of the hon. member for Vancouver East. He said he was going to delve into history.

Mr. MacINNIS: No; I said that the hon. member for Vancouver-Burrard had delved into history.

[Mr. MacInnis.]

Mr. NEILL: Oh, did he? Well, I hope the hon. member for Vancouver-Burrard was more successful in his delving into history than was the hon. member for Vancouver East, because that hon. member's recollection of history is entirely different from mine, and I happened to have been there. He was not in the house for some years, four at least after the Old Age Pensions Act was passed, and I was at the initiation of it—"in the beginning", like when we started from initial things and built up the universe. My recollection of it is that there were four members of the house elected on a more or less independent ticket. There was Mr. Woodsworth, who at that time called himself a labour man. The Cooperative Commonwealth Federation have gone through the country and are going through the country to-night, and will continue to do it, in years to come, taking the whole credit to their party for having passed the old age pension, or, if not passing it, being the means of passing it, but they were not in existence until seven years after it was passed. Where, then, does the glory fall on their shoulders?

Mr. Woodsworth was elected as, I think he called himself, a member of the Manitoba labour party. Mr. Heaps, who was also a member at that time, was a labour representative of some sort, and Mr. Heenan, of Ontario, represented independent labour or something of that kind, and I myself had been elected as an independent. The four of us got together. The government had a very small majority; we thought we would play politics, as is the manner of people when they want something, and we approached the government and asked what the chances would be of passing old age pension legislation. We also applied, by the way, to the then leader of the opposition, the Hon. Arthur Meighen, who turned us down flat. But we had more favourable support and encouragement from the government of the day, and we discussed the pros and cons, and whether we would give the Liberals support on a vote of want of confidence, for instance, at the first session if they passed old age pensions. I have no hesitation at all in saying—and Mr. Heaps would support me on this if he were here—that the man we had the difficulty with was Mr. Woodsworth himself. Mr. Woodsworth, we all know, has gone, and God forbid I should say a word against him. I admired him very much. He was an idealist; he lived in the clouds, beautiful clouds, the product of a beautiful imaginaton, but he was not practical. The attitude he took was this: we will have no part or lot with the sons of—Belial. We will stay on the side-lines, and if the government chooses to bring down an old age pension bill and we like the look of it

and all that sort of thing, we will vote for it, but not otherwise. He was for making no bargain of any kind. Heaps was an English Jew, and Jews are generally practical people; the Scotch have the same characteristic, and the Jew and the Scot saw that this attitude was not going to get us very far. We had trouble in persuading Mr. Woodsworth to come down from these golden clouds, to emerge from the beautiful and idealistic condition he lived in and make a practical deal to get something for something. I am not ashamed of it; I do not regret from that day to this the action I took. I think we might not have got the bill yet had we not taken advantage of the political situation, when the government was in a parlous condition as regards its majority. I repeat that I am not ashamed of that; the deal was of no personal advantage to ourselves. I think the government which gave us old age pensions had no reason to regret it afterwards, either, because it was very well received when we went to the country later on. But I assure the committee—and Mr. Heenan, who was the other independent, would bear me out, as well as Mr. Heaps—that Mr. Woodsworth's attitude was that he would simply stand on the side-lines and, if he liked the look of the legislation, perhaps he would vote for it; perhaps he would not. But that is not practical politics. This is the inside history of that affair.

I would never have mentioned that but for my hon. friend claiming the whole credit for the two gentlemen he mentioned, and I am glad the opportunity has come, because I am fed up with this "holier than thou," this sanctimonious air of the Cooperative Commonwealth Federation, who claim all the credit for everything under heaven and above the earth, and say that they did it, if it was good, but if it was bad, that the wicked Tories or the worse Grits did it. They had nothing whatever to do with it, because the Cooperative Commonwealth Federation party did not come into being until 1932 or 1933, and did not run as such until 1935, and the Old Age Pensions Act was passed in 1926, nine years before.

I am surprised at the unusual methods adopted in this case of bringing in this important legislation in the last hours of the session, not introduced even by legislation, by a bill which we would have had an opportunity to study, but by a statement, one might almost call it a verbal statement, of the Minister of Finance. I went upstairs to try to get the record of what he said, so that I might appreciate the fullness of what he did say, but I could not get it. I shall have to wait until Monday morning before I can see the record of what he really did say. I was not clear from casually listening to it, just what it was, but I am going to identify what I gathered, and he will no doubt correct me if I am wrong.

I understand that he is going to introduce this legislation by order in council, and he is going to raise the potential old age pension to $25 a month. The dominion will continue to contribute seventy-five per cent and the provinces twenty-five per cent and whatever further sum the provinces may choose to give. That will make the dominion government contribution $3.75 a month more than it is now. Of course that is a small sum expressed in that form, though it may take a large sum when it is multiplied by all the old age pension people. I am not clear; it is not because I was not attentive enough, but I could not find out when this thing was going to be effective, nor could I understand where the funds will come from. You can wave your hand and pass an order in council, but if the expenditure is going to run into large sums I do not know where the money is coming from. Would the minister be good enough to tell me that when I sit down. I am sorry that nothing was said as far as I could judge about lowering the age limit. I think any hon. member will realize that the one reform is just as necessary as the other.

A man who has worked manually at hard work, when he is over sixty-five is not fit to earn in the only way he knows, by hard manual labour. With the prospect of the war ending and a possibly lessened demand for labour, the money spent in this manner would be better expended than in some form of relief. I hope the minister will be good enough to tell us whether he has any idea of making a reduction in the qualifying age. The other question I should like him to answer is, when will this be inaugurated? We are going home; we are going to tell the people what will be good tidings in many and many a home. It is a step in the right direction, but when will it begin?

Mr. ILSLEY: In the statement which I made I said that supplementary agreements would have to be made with the provinces and that they would be made as soon as practicable, but that it would take a few weeks to work that out. That is the nearest I can come to it. Sometimes it takes a little time in dealing with the provinces, but the only way we can go about it is by supplementary agreements with the provinces. The money

will come from the war appropriation, because this action is to be taken under the War Measures Act.

Mr. NEILL: The minister says that it will be taken under the War Measures Act. Is there any possibility such as that when the War Measures Act disappears, this increase will be taken off again?

Mr. ILSLEY: It would, unless legislative action is taken at that time or in the meantime. I said in the statement that even if we had time to take legislative action at the end of this session, probably it would not be desirable to make any permanent amendments to the Old Age Pensions Act while this matter of old age pensions is under study by the special House of Commons committee on social security. I do not know what will be worked out about old age pensions or social security.

Mr. NEILL: The report of the committee is before the house.

Mr. ILSLEY: Yes, but it is not adopted. There are suggestions for consideration and so on. There is much more work to be done on that, and there is the question of constitutional amendment, whether one is to take place or not, and the financial arrangements as between the dominion and the provinces. There is a temporary arrangement now between the dominion and the provinces which it may be desirable to continue if we are to take on certain responsibilities, although the present one is strictly temporary.

Mr. GRAYDON: May I try to set an example at this late hour by refraining from speaking at any length on a matter of this kind, even in spite of the fact that there are so many branches of political thought that are so anxious to adopt this rather important baby known as the old age pension idea. I listened with not a little amusement to those who were attempting to claim fatherhood for the movement. My hon. friend to my right has disposed, at least in his own mind, of any suggestion that any of my predecessors in office had anything to do with it, although I must confess I am unable to agree with that. I was hoping that the Prime Minister would rise at once and contradict him, because I know that the Prime Minister would not agree with that for a moment.

There are some interesting aspects of this proposed legislation coming in as it did only in the dying days of the session but on the very day on which we hope the session will die, and that fact may have more significance than may appear on the surface.

Mr. MACKENZIE KING: Not die, but adjourn.

Mr. GRAYDON: According to the explanation the Prime Minister gives of the terms "British empire" and "British commonwealth of nations", these also may be regarded as interchangeable expressions. That is the situation with regard to adjournments, unless the Prime Minister is suggesting that we are going to have a lengthy session when we convene again, which I do not think he intends. Apart from these technicalities the government really cannot advance seriously the idea that this legislation has had the attention it should have received, because if it was good legislation on the last day of the session, it should have been good legislation on the first day. Anticipating what the minister will try to say in reply, may I say that either the provinces or the dominion were in default in the discharge of their duties in that they did not call for some conference at an earlier stage to discuss this matter and have it threshed out and decided.

The minister took the position, I believe, that he would wait until the provinces wrote to him indicating what they intended to do. He was not going to take the initiative. There may have been perfectly good reasons from the point of view of saving some money for the dominion government in his taking that attitude, but certainly from the point of view of really grasping the problem and coming to grips with it, I suggest that somebody was to blame for having left the matter until this last day of the session. It seems to me that the dominion government was the proper authority to call that conference, and I suggest that some blame must attach to them because they did not take the initiative with respect to it.

As the hon. member for Comox-Alberni said, however, we are glad to have any step in a right direction; but if I may so suggest on behalf of our party, there are two steps in connection with this matter that still have to be taken.

I am not at all satisfied with the amount or with the age under the present system. I do not think they are satisfactory to the people of Canada. We should have had a reduction in the age limit of old age pensioners. I suggest that the government must also, in view of the situation that faces old age pensioners from the point of view of the cost of living, take into consideration something more in regard to the amount which thus far has been mentioned. In some of these matters the government has moved more quickly than in this, after the famous convention at Winnipeg.

In this case they were a little more tardy; it took them longer to see the light. On December 11, as the Prime Minister will recall, because he watched the convention with more than usual interest, a platform was adopted calling for retirement insurance; and the Minister of Finance, who is not always amenable to new ideas, said a few weeks ago in the house—he repeated it to-night—that he had come to the position where he favours this kind of thing as well.

While the hon. member for Vancouver-Burrard talked about the Minister of Finance not being able to move in the right direction, may I say to him that there is still some hope for the minister, from what he said to-night; and although I cannot agree that he has moved far enough, at least he is moving in the direction where public opinion and the best thought in Canada is moving, namely, in line with the platform to which I have referred.

In one of the sections of this platform on old age pensions the age is reduced until such time as the retirement insurance scheme becomes fully operative. I say to the government that while they were somewhat longer in this case than they were in innumerable others, in connection with which they have adopted our platform, it is encouraging and refreshing to the people of Canada that a once great party like the government party in this country is at last seeing the light, even though it takes a convention of another party to give them that courage and initiative. However, I do not wish to detract from the credit they will normally obtain for that. I was rather expecting that the Prime Minister would rise and give his usual answer covering all matters of this kind. I wondered why he did not rise when the hon. member for Comox-Alberni was discussing the fatherhood of the movement; I wondered why he did not go back to 1911 or 1917 and say, "If you look carefully you will find it in my book called 'Industry and Humanity'." However, that is one of the things for which he will have to give credit elsewhere.

I say to the minister that this is not the right way to bring in such legislation. As the hon. member for Comox-Alberni so well said, when the war is over and the War Measures Act is no longer operative in Canada, by the minister's own admission this old age pension increase actually drops out of sight. We should have had at this session legislation dealing with this matter, and I protest at this time against the laxity of the government's policy which left this matter to be discussed within a few minutes of the time when the session of parliament closes.

Mr. REID: There are two matters to which I wish to call the attention of the minister in connection with the regulations affecting old age pensioners, and even at this late hour I must take a moment or two to place those matters before him and to ask for consideration of them. First of all, like the hon. member for Comox-Alberni, I was sorry indeed that the discussion did not come up earlier in the session. I am of the opinion that if it had come up earlier in the session, more than fifty per cent of the members of the house would have participated in the discussion. While the statement of the Minister of Finance this afternoon does not go as far as many members from British Columbia and other provinces would have liked, still I wish to say that in my opinion the old age pensioners throughout Canada will be appreciative of that announcement. I should like also to compliment the minister upon the statement he made in reply to the hon. member for Vancouver-Burrard. Rightly or wrongly there is a feeling throughout the country that the minister is definitely against increasing the old age pension and lowering the age limit, and I was delighted to hear him refute that this evening.

Before mentioning the regulations with which I wish to deal, I should like to say that there are hon. members from other provinces who, sometimes, in the corridors and elsewhere, make scathing remarks about the time we occupy in talking about old age pensions. They cannot understand why hon. members from some provinces should advocate a minimum of $1 a day. I am not going to make any disparaging remarks about provinces that pay as little as $11 a month, but I want to tell those hon. members that their attitude reminds me, as a trade unionist, of the artisans who consistently refused to join a trade union. After the unions had battled for higher wages and better hours, however, they were perfectly willing to take advantage of the results the trades unions had received. I believe the fight that has been put up by some provinces, particularly British Columbia, in regard to old age pensions is bringing results in now, and I am sure the other provinces will be only too glad to take advantage of the struggle that has been waged through the years.

One matter I want to take up with the minister has to do with the regulations laid down by the dominion, and the other has to do with the interpretation of those regulations by the Department of Finance, which administers the old age pensions. At the beginning of the war the regulations provided that the pension authorities were required to consider assigned

pay as income, even if there were no dependent's allowance. After many protests the dominion government permitted the pension authorities to take into account the amount of assigned pay which was returned to the soldier, if credited to him. Later, further amendments were made to provide that in all cases where dependent's allowance had not been awarded, the board was authorized to disregard any pay allotted or assigned by a member of the forces. Cases have been brought to my attention, however, of men in receipt of old age pensions whose wives are in receipt of assigned pay and dependent's allowance, and in which both those amounts were added and calculated as income. If assigned pay is not to be considered as income, why should it be credited if, in addition, the old lady gets dependent's allowance. I ask the minister to look into this matter, because, if the principle is right in one case, it should be followed right through, though I am frank to say that I should like to see both assigned pay and dependent's allowance disregarded when the wife is in receipt of it while her husband is in receipt of the old age pension.

The other matter has to do with the interpretation of the regulations by the Department of Finance, and I am going to cite one case which I am sure illustrates a great many others. I refer to the case of a man in receipt of old age pension who dies on the fifteenth of the month. In the case that has been drawn to my attention the widow went to collect the cheque and was told that since her husband had died on the fifteenth there was no cheque for her. This is looked upon as a callous act, and some have gone so far as to say that those administering the act were really robbing the old age pensioners. Here is a woman who was carrying on in the early part of the month, her husband dies on the fifteenth, and, thinking there is a cheque coming to her for half a month, she goes to collect it, only to find that the finance department and the old age pension board at Ottawa have ruled that she has no cheque coming. Even at this stage of the session I have no apology to offer for bringing these matters to the attention of the minister, because I believe they should be looked into and remedied.

Mr. ILSLEY: Certainly I shall look into the matter the hon. member has mentioned.

Mr. JOHNSTON (Bow River): I was surprised to listen to some of the arguments advanced from both sides of the house this evening. First we listened to the Liberals trying to take all the credit for bringing in the Old Age Pensions Act. Then the Cooperative Commonwealth Federation came along, claiming they were responsible for it. Then, lo and behold, the Conservatives came along and said they were really responsible for it. I never saw so many hon. members vieing with each other for the credit for giving so little. I think the amount we give our old age pensioners is a shame, and I make no apology for that statement. The best test to determine whether or not these old people are getting a sufficient income would be for some of us to try to live on that amount. Could we live on $20 a month? And mind you, not all old age pensioners receive that amount. As has been pointed out already, it varies from province to province; and while the pension may be $20 in one province, that does not mean that all the old age pensioners even in that province receive that amount.

I am very much disappointed because this legislation has been brought down at this late date, because I believe it is one of the most important and humane measures that could be introduced. To bring it in at this stage of the session is almost an insult to the intelligence of the members of this house. I think we might well have stayed over another few days and given this matter more discussion. As the hon. member for New Westminster has pointed out, if that had been done I believe every hon. member would have insisted that the pension be increased.

The minister has made a statement as to what is going to be done in regard to old age pensions. He has said that it will be made possible for the provinces to increase the amount paid by $5 a month, with the dominion contributing seventy-five per cent of the cost and the provinces twenty-five per cent. When the social security committee was discussing this matter it recommended that the amount should be increased. The government has given consideration to that recommendation and has made it possible for an increase to be brought about. The committee brought in another, equally important recommendation however, that the age limit be reduced. That has not been done. As a member of that committee I was firmly convinced that the government would lower the age limit, and I am extremely disappointed because that has not been done. The recommendation was contained in an interim report of the committee, and I thought that report dealt with the minimum requirements. No amount was set; that was left to the discretion of the government, though, of course, we trusted that it would not be too small. The reduction of the age limit also was left to the discretion of the government, and I

expected that some reduction would be made, which would have assisted a great deal. Since that was an interim report, I believed it would assist these old people at least to a degree until we were able to return here, and complete our investigation, and make more definite and detailed recommendations to the government. I feel that the social security committee has been let down in that regard.

Mr. MITCHELL: But the old people have not been let down.

Mr. JOHNSTON (Bow River): Yes; they have definitely been let down. You might say that they have been given $5 a month more, and that the dominion is contributing its portion. But the fact is that they were expecting more than that. I know the Minister of Labour does not consider $25 a month is sufficient for these old people to live on. I believe he would be the last man to say that it is. I think I know him well enough for that. It is going to help, of course, but there are many elderly people in this country who cannot possibly get along on the amount they are receiving—and they are under the age of seventy. I have heard some hon. members discussing this matter, and saying that the age should be sixty-five years. I believe the experience of most hon. members is that the people who are in need of old age pensions are not people who during their lives have lived in comparative luxury, and have a potential span of life of probably eighty-five or ninety years. They are not the people who require this form of assistance. The people who require it are the ones who have worked hard during their lives and who, for some reason or another, have not been able to accumulate sufficient income to maintain them in their old age. When such people reach the age of seventy, they have long since passed the time when they can earn sufficient income to maintain themselves. When they reach the age of sixty they have reached an age when they are no longer capable of earning sufficient income to maintain a decent standard of living.

What will $20 or $25 a month buy? Well, one could not buy a suit of clothes with that amount of money. And if he is going to rent any kind of decent house, it would cost much more than that. One cannot get a room in Ottawa for less than $20 or $25 a month, and certainly one cannot get a room in Ottawa where he can do his own light housekeeping, or where these old people would be permitted to do their light housekeeping, for that amount of money.

When we look at this matter in a reasonable and sensible way we cannot possibly conceive of members of the House of Commons permitting this legislation to stand as it is. I think $1 a day is an insignificant amount, and the pension should be at least that much. I would also say that the age should be reduced to sixty years.

I should like to mention a few things said by the minister. I shall make my remarks as brief as possible, because the time is getting late—

Some hon. MEMBERS: Hear, hear.

Mr. JOHNSTON (Bow River): I hear some hon. members saying, "hear, hear". They will remember I am not averse to holding up the committee in discussing an important matter like this. Hon. members on the other side of the house have had a large share of the debate this evening. I have my notes right in front of me, and I do not wish to be aggravated to the point where I shall have to go on to say what I had had in mind I would say.

This is really an important question. A while ago the minister spoke about the constitutional aspect. He said that he was acting within the constitution, and that he could go only so far as the legislation and the constitution permitted him to go. But I would remind him that recently we made an appeal to the British government to amend the British North America Act so that we might do certain things with respect to elections. In a matter such as this the government might very well have included a request for the necessary permission to amend the British North America Act in a way which would permit us to take over complete, national control of old age pensions.

Hon. members may bring up all the constitutional difficulties they like. They may say, "Whatever we should have done we did not do." But there is nothing which would have prevented the minister at this time lowering the age limit, and reducing it from seventy to sixty. He could have done that quite nicely by order in council. He could have made it possible to increase the old age pension from $20 to $30 a month, and that would be little enough, without any amendment to the constitution.

But the most important point touched upon to-night in connection with old age pension is this: Where is the money to come from? I was surprised and amazed when the hon. member for Vancouver East said that the arguments in support of the old age pension, as far as the money problem was concerned, were all cockeyed. It may be so to him, but the fact is it is a most serious problem. That is the problem which the Minister of Finance has to face.

Mr. ILSLEY: I do not wish to interrupt on behalf of the hon. member for Vancouver East, but I must point out that when he spoke he was referring to this discussion about borrowing from the bank—whether one borrowed credit or cash, or paid back credit or cash. He was not referring to old age pensions.

Mr. JOHNSTON (Bow River): He was referring to the arguments of the hon. member for Vancouver-Burrard and the hon. member for Parry Sound. The argument of the hon. member for Vancouver-Burrard was based entirely upon this old age pension scheme. He was asking the minister where he could get this money from. The minister's contention was that it would be too expensive, and that monetary questions entered into it. I do not believe we are going to settle many of our economic problems until we come down to the basic question: Where are we to get the money from? I did not intend to branch out to that argument, because it has been well debated to-night. We Social Crediters have been advocating it for many years.

The minister also pointed out that the provinces should have come forward more readily than they did. If I recall correctly, the province of Alberta was ready a long time before the dominion was.

Mr. ILSLEY: And I did not say that, either. I am sorry to have to correct the hon. member, but I did not say that the provinces should have come forward before they did.

Mr. JOHNSTON (Bow River): The minister said that the dominion could not take any steps until the provinces had asked the permission of the dominion government, or had asked for assistance from it. I believe that is correct, is it not?

Mr. ILSLEY: That is somewhere near right; but that is certainly not what the hon. member said before.

Mr. JOHNSTON (Bow River): He said that the provincial governments would have to make representations to the dominion government, and that when they have done that, legislation would be brought down to enable them to go ahead. I believe, in effect, that is exactly what the Minister of Finance said. Alberta was one of the first to come ahead, and do that very thing. In fact, after arrangements had been made with the dominion government, they were the first to increase the amount by $5.

There is one other important problem I would mention to the committee, one which is connected with the old age pensions, and that is pensions for the blind. Great as is the need of old age pensioners, there is a class of people, namely the blind, who need a great deal of assistance, and need it possibly more than the ordinary old age pensioners. I say that because, if there is a class of people more helpless than another, it is the blind pensioner. It is true that they get $20 a month, the same as the old age pensioner, and that they receive that amount at the age of forty, rather than at seventy. But a person who is blind is almost helpless, and should receive a pension regardless of age. The age should be reduced at least to the point recommended by the institute, namely twenty-one years. These blind people who are receiving the pension may, by means of a little special training given them by charitable organizations, increase their earnings by $200 a year. Their pension amounts to $240, and with that additional $200 they are brought up to $440, if single. The unfortunate thing, however, is that if they earn one dollar more than that amount, it is deducted from their pension until they have reached the sum of $200, and then they are cut off pension entirely. That should not be. If these people are diligent enough, and goodness knows they are not going to earn very much, to go out and earn a few extra dollars, that should not be deducted from their blind pension. Every consideration should be given to these people. I shall not keep the committee any longer with a detailed discussion of old age pensions or the treatment of the blind, but there is a great deal more that can be said. I shall leave it at that until the question comes up again.

Mr. KNOWLES: There are one or two things I should like to say to the minister. First of all, I should like to support the two statements that have been made many times to-night, both of which are true and, in my view, not inconsistent. On the one hand, there will be gratitude on the part of many people for this slight increase in the amount of the old age pension, but on the other hand there will be disappointment that the amount was not made $30 a month, the pensionable age lowered and certain changes made in the regulations. One point I should like to draw to the attention of the minister is in connection with the possible additional $5 which he announced this morning. Will the ceiling of $365 apply to that $5?

Mr. ILSLEY: The $365 remains.

Mr. KNOWLES: I understood the minister to say that some pensioners would not receive the whole amount in view of the application of

the ceiling. I understand that in some provinces, like British Columbia and Alberta, where supplemental allowances are being paid, the ceiling does not apply.

Mr. ILSLEY: It is not regarded as income.

Mr. KNOWLES: According to the terms of an amendment made to the act.

Mr. ILSLEY: By reason of an order in council amending the regulations.

Mr. KNOWLES: Yes. We do not know what a province such as British Columbia may do under the new provisions. They may continue to pay the supplemental allowance of $5, or they may allow this $5 to take its place. Supposing British Columbia drops the $5 it is now paying and takes this $5 instead, a pensioner who is at present drawing the additional $5 because the ceiling does not apply, will lose some of his income under the dominion arrangement. It is now possible for a pensioner in British Columbia to be drawing $25 a month and have $125 income additional.

Mr. ILSLEY: Yes.

Mr. KNOWLES: But if British Columbia adopts the present legislation and pays the pensioner his $25 on the basis of the announcement made by the minister this morning, the person who has $125 other income because the ceiling would then apply would not be allowed to draw the full $25; he would draw only $20 a month, and in that way would be $60 a year worse off than he is at the present time. That is a hypothetical case, but it is a possible case.

Mr. ILSLEY: I think that is correct, yes.

Mr. KNOWLES: I am asking that when the regulations are drawn up the minister will watch this kind of thing.

Mr. ILSLEY: I do not anticipate that British Columbia will drop this $5 additional.

Mr. KNOWLES: I certainly hope not, and I hope Manitoba will not drop its $1.25, but I trust the minister will watch this kind of thing. I should like now to refer to another matter. At the present time a pensioner who draws his pension from Manitoba but happens to be living in British Columbia does not get the supplemental $1.25 from Manitoba, because he is not living there, or the supplemental $5 from British Columbia, because he is not a British Columbia pensioner. Vice versa, the British Columbia pensioner living in Manitoba would get neither the $1.25 nor the $5. I realize that this is a matter of arrangement between the two provinces, but it also suggests what the hon. member for Vancouver-Burrard was arguing, that it is desirable that there should be a federal policy with respect to the whole matter of old age pensions.

Since the order in council referred to this morning will involve dealing with the Old Age Pensions Act and the regulations, I urge the minister to give consideration, even at this time, to the regulation that requires twenty years' continuous residence in Canada. I have in mind one case of a man who came to this country from England in 1907 and has lived here the whole time except for four years which he spent in England. In 1926 he went to England for a holiday, but circumstances of health made it necessary for him to stay there longer than he had intended to. The result is that the date of his coming back to Canada is the date taken into consideration by the authorities, and he is not entitled to a pension although he is seventy-three years of age and has resided more than twenty years in the country and has lived his entire life either in England or Canada. This is a matter of regulation under the dominion act, and I should hope the minister would give attention to these matters when the order in council is being drawn up shortly as is intended.

I hope that consideration will also be given to deductions made from the $20 and to the liens which are placed on the properties. To many people this is a source of irritation and in many cases has actually deterred people from applying for something which is their right. I hope the minister will give attention to these matters and that in the not too far distant future we shall see a higher rate of pension and a lower pensionable age.

Mr. MUTCH: For a considerable part of this session I have refrained from reiterating that which I have said before about the present standing of these pensions. On account of the pronouncement made this morning, I am concerned momentarily with the matter of age. It has been recognized by industry generally and by the government itself that sixty-five years is the nominal age of retirement. There is a hiatus between sixty-five and seventy years which falls less heavily upon some than on others. Since the minister is reopening the question and is probably going to deal with these matters by orders in council, I urge even at this late date that he gives some consideration to this aspect of the matter.

It is passing strange that any discussion of this question of old age pensions seems to turn into a political discussion, when to my mind it is the one subject that should not be political. On account of the general recognition

throughout Canada of the desirability of old age pensions, we perhaps all want to feel that we have some responsibility for the fact that we have something in the way of old age pensions. That may be the explanation, but there is something invidious to my mind about a discussion of this kind resolving itself into a question of paternity and who should take the credit or who should take the blame. There are many of us at the present time who feel that no one should fall over backwards in an effort to claim credit for this act. I am fully aware that for me to continue the discussion to-night might have the effect of hurting the cause I favour, but I would not let this opportunity pass, now or in any other session, without raising my voice for a more generous old age pension and primarily for a lowering of the pensionable age.

Item agreed to.

Mr. MACKENZIE KING: I wish to express a word of thanks to hon. members for abbreviating their speeches. I think it might be a convenience to them to know that after the remaining items are passed it will take about half an hour to put the supply bill through its three stages and have it brought back here. It is part of my duty to inform the deputy of his excellency of the time we expect him to give assent to bills, and I am going to take the liberty of saying that I hope he will be here at a quarter past ten o'clock. If it is necessary to postpone it beyond that hour, of course it will have to be done, but I thought that as many members leave at eleven o'clock to-night, this word of notice might not be unwelcome.

Resolutions reported, read the second time and concurred in.

THE ROYAL ASSENT

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

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

Ottawa, July 24, 1943.

Sir:

I have the honour to inform you that the Right Hon. Sir Lyman P. Duff, K.C.M.G., acting as the deputy of His Excellency the Governor General will proceed to the Senate chamber on the twenty-fourth day of July at 10.15 p.m. for the purpose of giving royal assent to certain bills.

I have the honour to be, sir,

Your obedient servant,

F. L. C. Pereira,
Assistant Secretary to the
Governor General.

[Mr. Mutch.]

LIBRARY OF PARLIAMENT

Report of the joint standing committee on the library of parliament—Mr. Speaker.

WAYS AND MEANS

SUPPLY BILL

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Bradette in the chair.

Mr. ILSLEY: Mr. Chairman, I desire to move the following resolution covering the amounts dealt with a few moments ago in committee of supply:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1944, the sums of $161,231,995.62 and $43,633,933.82 respectively be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 140, for granting to his majesty certain sums of money for the public service for the financial year ending the 31st March, 1944.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Bradette in the chair.

On section 1—Short title.

Mr. STIRLING: I suppose the minister will assure us that this bill is in the ordinary customary form.

Mr. ILSLEY: Yes; I give that assurance now.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

SUSPENSION OF SITTING

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

That the house suspend its sittings until summoned by Black Rod to attend His Excellency in the Senate chamber.

He said: I think it may be well to remind the house that there should be hon. members present after the assent to the bills.

Motion agreed to.

At 9.50 p.m. the sitting was suspended until summoned by Black Rod.

SITTING RESUMED

The house resumed at 10.20 p.m.

THE ROYAL ASSENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And having returned.

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name royal assent to the following bills:

An Act for the relief of Sheila Joan Milligan Hodgson.

An Act for the relief of John Elliott Cockerline.

An Act for the relief of James William McDonald.

An Act for the relief of William James Chafe.

An Act for the relief of Nettye Steinberg Litner.

An Act for the relief of Mollie Jaslow Mitnick.

An Act for the relief of Eleanore Jeanne Lonn Yanofsky.

An Act for the relief of Ada Lahn Corber.

An Act for the relief of Bessie McKenzie Balfour Whiteley Willard.

An Act for the relief of Marion Catherine Bremner.

An Act for the relief of Feodor Karpenko.

An Act for the relief of Dorothy Platt Vaz.

An Act for the relief of Marion Ellen Topp Dore.

An Act for the relief of Celia Lazarowitz Cohen.

An Act for the relief of Frederick Hubert Fairbanks.

An Act for the relief of Maude May Frances Adlam Clare.

An Act for the relief of Gladys Mae Bond Jarvis.

An Act for the relief of Max Shulman.

An Act for the relief of Walter Pestun, otherwise known as Walter Preston.

An Act for the relief of Sonia Litvack Shalinsky.

An Act for the relief of Evelyn Margaret Cooke Phippard.

An Act for the relief of Muriel Anna Chapman Longmore.

An Act for the relief of Joseph Fernand St. Louis.

An Act for the relief of Alexander Morgan.

An Act for the relief of Norma Mady Albert Chamandy.

An Act for the relief of Gerald Clarkin.

An Act for the relief of Edith Rose Smith Gendron.

An Act for the relief of Alice Bernadette Choiniere Horner.

An Act for the relief of Eva Pearl Gilbert.

An Act for the relief of Emma Cowsill Hill.

An Act for the relief of David Joseph Kennedy.

An Act for the relief of Leopold Boucher.

An Act for the relief of Beatrice Ashwell Dyson.

An Act for the relief of Freda Sybil Nisbet Baldwin.

An Act for the relief of Sam Hadis.

An Act for the relief of Carmen Hilda Olesker Gold.

An Act for the relief of Léo René Doré.

An Act for the relief of Mary Sophia Viora St. Pierre Malhiot, otherwise known as Mary Sophia Viora St. Pierre Mayotte.

An Act for the relief of Violet Victoria Green Auclair.

An Act for the relief of Laurette Jobin Lalumière.

An Act for the relief of Elizabeth Gunn Sparling.

An Act for the relief of Bella Lerner Efros.

An Act for the relief of Kathleen Ena Ball Royer.

An Act for the relief of Margaret Heddrick Lieth Gauld.

An Act for the relief of Elizabeth Alexandra Ida Robb Lewis.

An Act for the relief of Joseph Aloysius Lavigueur.

An Act for the relief of Helen Alissamon Wheeler Baker Macoun.

An Act for the relief of Adele Le Roy Fuller Hardy.

An Act for the relief of Constance Maxine Keating Noseworthy.

An Act for the relief of Alvina Antoinette Bouchard Winterson.

An Act for the relief of Bernice Evelyn Berman Sholomenko.

An Act for the relief of Marjorie Florence Gray Lever.

An Act for the relief of Robert Gordon Shaw.

An Act for the relief of Uuno Ojalammi.

An Act for the relief of Marie Beatrice Arsenault Theriault.

An Act for the relief of Margaret Varga Csabi.

An Act for the relief of Frances Helen Shand Howell.

An Act for the relief of Charles Cardin.

An Act for the relief of Gladys Irene Harrison Mathers.

An Act for the relief of Eileen Grace Shearer Taylor.

An Act for the relief of Maitland Richardson Silvester.

An Act for the relief of Agnes May Jack Jackson.

An Act for the relief of Marie Fernande Broca Taisne.

An Act for the relief of Samuel William Simon.

An Act for the relief of Vera Venning Prestt.

An Act for the relief of Katherine Scott Thacher.

An Act for the relief of Elias Shapiro.

An Act for the relief of Fannie Rubin Segal.

An Act for the relief of Doris Mae Sangster Webster.

An Act for the relief of Charles Joseph Wilfrid Rousseau.

An Act for the relief of Jean Sylvia Murley.

An Act for the relief of Gertrude Mantho Hore.

An Act for the relief of Claire MacLaren Hunter Barlow.

An Act for the relief of Mary Constance Helena Keys Bates.

An Act for the relief of Margaret Anne Richards Johnstone.

An Act for the relief of John Whitehead Casement.

An Act for the relief of Elaine Alice McCormick Desrosiers.

An Act for the relief of Marion Mathilda Heversage Jost Hooper.

An Act for the relief of Phyllis Beatrice Barnett Woodham.

An Act for the relief of Ethel Wendman Lebenstein.

An Act for the relief of John Preble Macintosh.

An Act for the relief of Sonia Libenstein Kolber.

An Act for the relief of Gilberte Piché Ouimet.

An Act for the relief of Irene Maud Pardellian Wright.

An Act for the relief of May Gertrude Russell McCarthy.

An Act for the relief of Geraldine Charlotte Wrangel.

An Act for the relief of Anne Marie Garon Brown.

An Act for the relief of Theodore Panos.

An Act for the relief of Glendon Malcolm Robert MacCallum.

An Act for the relief of Pierre Henri Honoré Paré.

An Act for the relief of Beatrice Belodubrofsky Schiller.

An Act for the relief of Léo Guay.

An Act to incorporate Montreal Shriners' Hospital Foundation.

An Act to incorporate Canadian Alliance Insurance Company.

An Act respecting The Canada North-West Land Company Limited.

An Act to incorporate the Ukrainian Fraternal Society of Canada.

An Act to incorporate The Felician Sisters of Winnipeg.

An Act to incorporate Bethel Full Gospel Assembly.

An Act to amend The Federal District Commission Act, 1927.

An Act respecting the appointment of Auditors for National Railways.

The British Columbia Indian Reserves Mineral Resources Act.

An Act to amend the Department of National Revenue Act.

An Act respecting a certain Tax Convention and Protocol between Canada and the United States of America, signed at Washington, in the United States of America, on the 4th day of March, 1942.

An Act to Confirm the Transfer of certain Lands to Ontario and Quebec.

An Act to amend the Exchequer Court Act.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1943, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to repeal the Japanese Treaty Act, 1913.

An Act to amend the Canada Evidence Act.

An Act to amend the Criminal Code.

An Act to facilitate Compromises and Arrangements between insolvent Farmers and their Creditors.

An Act to amend The Unemployment Insurance Act, 1940.

[Mr. Speaker.]

An Act to establish a National Council for the purpose of promoting Physical Fitness.

An Act for granting to His Majesty aid for National Defence and Security.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1944.

On motion of Mr. Mackenzie King the house adjourned at 10.45 p.m. until Wednesday, January 26, 1944, at three o'clock in the afternoon.

Wednesday, January 26, 1944.

The house met at three o'clock.

PROROGATION OF PARLIAMENT

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

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

Ottawa, January 14, 1944.

Sir,

I have the honour to inform you that the Honourable Thibaudeau Rinfret, the Chief Justice of Canada, acting as the deputy of His Excellency the Governor General, will proceed to the Senate chamber on Wednesday the 26th of January at 3 p.m. for the purpose of proroguing the present session of parliament.

I have the honour to be, sir,

Your obedient servant,

F. L. C. Pereira,
Assistant Secretary to the
Governor General.

NEW MEMBERS

Mr. SPEAKER: I have the honour to inform the house that during the adjournment of parliament the Clerk of the House has received from the chief electoral officer certificates of the election and return of the following members, viz:

Of Joseph-Armand Choquette, Esquire, for the electoral district of Stanstead;

Of Joseph William Burton, Esquire, for the electoral district of Humboldt;

Of William Bryce, Esquire, for the electoral district of Selkirk;

Of Fred Rose, Esquire, for the electoral district of Cartier.

PRESIDENT ROOSEVELT

ADDRESS TO MEMBERS OF PARLIAMENT, AUGUST 25, 1943, TO BE INCLUDED IN OFFICIAL REPORT OF DEBATES

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, hon. members

will recall that during the summer Ottawa had the honour of a visit by the President of the United States, and on that occasion the President addressed the members of both houses from the entrance to these parliament buildings. It would, I think, be the wish of all hon. members that the address delivered by the President on that occasion should find a permanent place in the records of this parliament, and I would therefore move, seconded by the Minister of Mines and Resources (Mr. Crerar):

That the address which Franklin Delano Roosevelt, President of the United States of America, delivered to members of parliament on August 25, 1943, and the other addresses delivered on that occasion, be included as an appendix to the official reports of the debates for the fourth session of the nineteenth parliament of Canada.

Hon. GROTE STIRLING (Yale): Mr. Speaker, I think this is the first occasion on which a speech which was not delivered within this chamber has been recorded in *Hansard*, but I understand that since this address was delivered within the precincts of the house, there are particular reasons for this action being taken. For these reasons I do not think we should raise any objections.

Mr. MACKENZIE KING: I may say to my hon. friend that the President's address was made to members of both houses of parliament, although not actually delivered inside either house. The proceedings of the occasion were immediately related to a visit of the President to Canada's parliament. Though parliament was not in session at the time, the President addressed hon. members on parliament hill immediately in front of the main entrance to the buildings.

Motion agreed to.

NEW MEMBERS INTRODUCED

Fred Rose, Esquire, member for the electoral district of Cartier, introduced by Mrs. Dorise Winifred Nielsen.

William Bryce, Esquire, member for the electoral district of Selkirk, introduced by Mr. M. J. Coldwell and Mr. S. H. Knowles.

Joseph-Armand Choquette, Esquire, member for the electoral district of Stanstead, introduced by Mr. Maxime Raymond and Mr. Pierre Gauthier.

Joseph William Burton, Esquire, member for the electoral district of Humboldt, introduced by Mr. M. J. Coldwell and Mr. P. E. Wright.

REPORTS OF COMMITTEES

Fourth report of special committee on reconstruction and reestablishment.—Mr. Turgeon.

Second, third, fourth and fifth reports of special committee on war expenditures.—Mr. Cleaver.

SUSPENSION OF SITTING

Hon. T. A. CRERAR (Acting Leader of the House): Mr. Speaker, we shall presently be summoned to another place—

Some hon. MEMBERS: Oh, oh!

Mr. CRERAR: I am glad to observe that the sense of humour of the house has perceptibly improved since the end of last session. I move, Mr. Speaker, seconded by Mr. Ilsley, that this sitting be suspended for a short time.

Motion agreed to and sitting suspended.

SITTING RESUMED

And the house having resumed:

PROROGATION OF PARLIAMENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the deputy of His Excellency the Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

GOVERNOR GENERAL'S SPEECH

The Deputy of His Excellency the Governor General was pleased to close the fourth session of the nineteenth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

When the present session opened a year ago, the initiative taken by the united nations gave promise of impressive victories. During the year, that promise has been fulfilled.

The axis forces in North Africa have been destroyed. The European mainland has been invaded. Italy has surrendered unconditionally. On the long Russian front the armies of the Soviet Union have relentlessly driven back the nazi invaders. The Japanese advance in the southwest Pacific has been definitely halted. The invasion threats to Australia and New Zealand have been removed. On the mainland of Asia, the Chinese armies and people have continued to hold back the Japanese tide. The destructive enemy submarine campaign in the north Atlantic has been brought under control. On both sides of the globe the united nations have maintained supremacy at sea, and gained ascendancy in the air.

To-day, in Italy, German forces, despite stubborn resistance, are being compelled to yield ground. In Russia, great German armies face unparalleled destruction. In southeastern Europe, there is growing unrest among Germany's satellite states. In the occupied countries, the people await the signal for open resistance. An ever-increasing aerial bombardment is destroying the war potential of Germany. It is bringing the war home to the German people.

In the campaign against the U-boats, Canada's navy has had a prominent part. It has helped to maintain the bridge of ships across the Atlantic on which offensive action in Europe depends. During the year, all allied naval forces in the northwest Atlantic were placed under a Canadian commander-in-chief. Units of the Canadian army were among the first to land in Sicily, and again on the mainland of Italy. In hard battles won and hundreds of miles of difficult ground taken, our soldiers have had their full share in the accomplishments of this important campaign. They have made a record unexcelled by fighting men. On the opposite side of the world, Canadian forces joined with those of the United States in the occupation of Kiska in the Aleutians. In the attacks upon the U-boats, in the aerial assaults against Germany and occupied Europe, and over battlefronts around the globe, increasing numbers of Canadian airmen continued to take a telling part.

During the autumn, the Minister of National Defence visited Canada's overseas forces in Britain and in Italy. The transport of mail to the forces overseas has been greatly improved by the establishment of air mail services.

Provision of aid to our allies continued to be a major factor in Canada's war effort. War supplies are being sent to Russia, to China, to French forces in Africa, as well as to the United Kingdom and other nations of the commonwealth. They are supplied under the mutual aid legislation enacted during the present session, and are allocated by the mutual aid board in accordance with strategic need. A considerable portion of Canada's mutual aid has been transported across the seas in Canadian built ships, manned by Canadian crews.

For more than a year, Canada has been sending wheat to Greece every month to aid in relieving the starving population. To assist in relieving famine conditions in Bengal, the government has also taken steps to ship Canadian wheat to India.

During the year, production reached the highest level in Canada's history. About half of the total has been devoted to war purposes. Farmers and fishermen have splendidly maintained the production of foodstuffs. No less devoted service has been given by those engaged in lumbering, mining, transportation and all branches of manufacture and distribution. Despite inevitable shortages, essential manpower needs of the armed forces, of industry, and of agriculture have been filled by voluntary methods and by national selective service. This has been facilitated by the patriotism and the skill of the vast majority of workers, both men and women, and by the cooperation of the provinces, local authorities and voluntary organizations.

When parliament adjourned in July, a measure had been enacted to provide for the establishment of a national council to promote physical fitness. Unemployment insurance had been extended to additional groups of workers, and provision had been made for an increase in the amount of old age pensions. Provision was also made for the collection of income taxes on a current basis.

In the session just concluded, careful study was given by select committees of both houses, to the problem of full employment after the war, and, in particular, to the establishment in useful and remunerative employment of the men and women of our armed forces and in war industries. Careful study was similarly given by select committees on social security to the most practicable measures of social insurance, and the steps which would be required to ensure their inclusion in a national plan which itself would include the establishment of a nation-wide system of health insurance. My ministers have given close attention to the recommendations of the select committees and to other investigations in the fields of post-war reconstruction and social security.

During the course of the year, the price ceiling has been splendidly maintained. My ministers have reaffirmed their determination to do all in their power to prevent inflation and to safeguard a basic standard of living. To this end the wartime wages control order has been simplified and strengthened. It will continue to be administered by the national war labour board. Consultation is proceeding with the several provinces regarding the enactment of a comprehensive code of labour relations which will be administered by a wartime labour relations board, and which will include the principle of compulsory collective bargaining.

Recognition of Canada's growing stature in international affairs has found expression in the expansion of our diplomatic and consular services, and in the agreements to raise Canada's missions to the United States, the Soviet Union, China, Brazil and Belgium, as well as the legations of these countries in Canada, to the status of embassies. Direct relations have been established with the French committee of national liberation. A Canadian representative with the personal rank of ambassador now represents Canada at Algiers. The year has also witnessed increased representation of Canada at international conferences and on international boards concerned with wartime and post-war problems.

In the month of August, the government was host to the President of the United States and the Prime Minister of Great Britain and their advisers at a conference at Quebec. The Quebec conference, like the earlier conference at Washington and the later conferences at Cairo and Teheran, was one of the milestones in the strategic planning of the war. Following the conference at Quebec, Ottawa was honoured by a visit of the President. It was the first occasion on which a President of the United States has visited the Capital of Canada.

Members of the House of Commons:

I thank you for the financial appropriations you have made for the prosecution of the war. Their magnitude is again without precedent.

I am pleased that you made special provision for the appointment of parliamentary assistants to ministers of the crown. I am glad that the hopes entertained of this development in the organization of parliament have been so fully realized.

Honourable Members of the Senate:

Members of the House of Commons:

You will have been deeply gratified that despite the increased level of taxation, the fourth and fifth victory loans met with an unprecedented public response. Clearer evidence could not have been given of the determination of the Canadian people to do their utmost in the winning of the war.

In bringing the present session to a close, I join with you in humble thanks to God for His merciful providence and for the increasing hope vouchsafed to the united nations throughout this year of war.

This concluded the fourth session of the nineteenth parliament.

ADDRESS

OF

Mr. FRANKLIN DELANO ROOSEVELT

President of the United States

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS AND THE GENERAL PUBLIC

PARLIAMENT HILL, OTTAWA, AUGUST 25, 1943

(The President was introduced by the Prime Minister, Right Honourable W. L. Mackenzie King, and thanked by the Speaker of the Senate, Hon. Thomas Vien, and the Speaker of the House of Commons, Hon. James Allison Glen)

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. President, Your Excellency, Your Royal Highness, members of the Parliament of Canada, ladies and gentlemen,—To-day will be for all time a memorable day for Canada. I need not remind you, Mr. President, how often I have expressed the desire that you might visit Ottawa during your term of office as President of the United States. We have hoped that on such a visit you would speak to the members of the Senate and the House of Commons, either within or without the walls of our Houses of Parliament. You know, too, how frequently His Excellency the Governor General and Her Royal Highness the Princess Alice have expressed the wish that they might have the honour of a visit from Mrs. Roosevelt and yourself at some time during His Excellency's term of office as the representative in Canada of His Majesty the King.

Perhaps I may be allowed also to mention how greatly, for personal reasons, I have looked forward to the pleasure of welcoming to the seat of government and to my own home one whose friendship, in ever closer association, I have been privileged to enjoy over many years. To-day all these hopes and wishes, so warmly cherished by the people of Canada, by their representatives in parliament, by His Excellency and Her Royal Highness and by myself, are being happily realized.

On behalf of all Canada I extend to you to-day, Mr. President, the warmest of welcomes to the capital of our country. I thank you for having honoured our capital city by your presence at a time which is without parallel in the history of human affairs.

The Canadian people will, I know, wish me to express to you the admiration which they feel for you and for your great career. We recognize in you one who has always had a deep concern for the well-being of his fellowmen. We have long known that your services to the cause of freedom far exceed limits of race and bounds of nationality. We honour you as an undaunted champion of the rights of free men and a mighty leader of the forces of freedom in a world at war. We feel, too, a special affection for a lifelong friend of our country.

This is the first occasion on which a President of the United States has visited Canada's capital. It is particularly pleasing to us that this visit should have its association with your momentous meeting in the ancient

capital of Canada with the Prime Minister of Great Britain. Over the past two years your meetings with Mr. Churchill have been the signal for great events. The conference at Quebec just concluded will, I am confident, mark a further advance towards final victory.

The City of Quebec is the birthplace of Canada. Beneath its cliffs, in 1608, Champlain founded a settlement and established a seat of government; upon its height is erected a monument commemorating in a single shaft the chivalry of Wolfe and Montcalm in the decisive battle of 1759. It is the city in which, in 1864, the fathers of the Canadian confederation assembled in conference to fashion the Canada that was to be. We were indeed delighted when we learned that Quebec had been selected as the place of meeting between Mr. Churchill and yourself.

We rejoice, Mr. President, that your visit to Ottawa comes at a moment when for the first time in our long history as close neighbours, soldiers of Canada and the United States have fought side by side. Combined British, United States and Canadian forces have just completed the occupation of Sicily as a first step in the liberation of Europe. Combined United States and Canadian forces have just occupied the last Japanese outpost in the western hemisphere.

The rapidity with which the American people gathered their strength, and the momentum and magnitude of their war effort, have filled the world with amazement. All Canada joins in admiration for the efficiency and heroism of the men of the fighting forces of the United States. In the southwest Pacific, in the Aleutians, in North Africa, in Sicily, in the skies over every battle-front and on all the oceans of the world, their deeds are recording a glorious chapter in the history of freedom.

In the combined efforts of the military forces and the peoples of the United States and the British empire, joined with those of the heroic peoples of Russia and China and of the other united nations, lies the certainty of complete victory over the forces of tyranny which have sought the domination of the world.

Canada counts it a high privilege to have the opportunity of drawing into relations of closer friendship, understanding, and good will, the United States and the nations of the British commonwealth. We are firmly convinced that in the continued close association of the British commonwealth of nations and the United States of America lies the surest guarantee of international peace, and of the furtherance of the well-being of mankind throughout the world.

(Translation) Mr. President, once more, and using this time the other official language of our country, I wish to extend to you the most cordial welcome on behalf of all Canada.

Mr. FRANKLIN D. ROOSEVELT (President of the United States): Your Excellency, Your Royal Highness, Mr. Prime Minister, and members of the Parliament, and all my good friends and neighbours of the Dominion of Canada,—It was exactly five years ago last Wednesday that I came to Canada to receive the high honour of a degree at Queen's university. On that occasion—one year before the invasion of Poland, three years before Pearl Harbor—I said:

> We in the Americas are no longer a far-away continent, to which the eddies of controversies beyond the seas could bring no interest or no harm. Instead, we in the Americas have become a consideration to every propaganda office and to every general staff beyond the seas. The vast amount of our resources, the vigour of our commerce, and the strength of our men have made us vital factors in world peace whether we choose it or not.

We did not choose this war—and that "we" includes each and every one of the united nations. War was violently forced upon us by criminal aggressors who measure their standards of morality by the extent of the death and the destruction that they can inflict upon their neighbours.

In this war, Canadians and Americans have fought shoulder to shoulder—as our men and our women and our children have worked together and played together in happier times of peace.

To-day, in devout gratitude, we are celebrating a brilliant victory won by British, Canadian and American fighting men in Sicily.

To-day, we rejoice also in another event for which we need not apologize. A year ago Japan occupied several of the Aleutian islands on our side of the ocean and made a great "to-do" about the invasion of the continent of North America. I regret to say that some Americans and some Canadians wished our governments to withdraw from the Atlantic and the Mediterranean campaigns and divert all our vast strength to the removal of the Japs from a few rocky specks in the north Pacific.

To-day, our wiser councils have maintained our efforts in the Atlantic and the Mediterranean and the China seas and the southwest Pacific with ever-growing contributions;

and in the northwest Pacific a relatively small campaign has been assisted by the Japs themselves in the elimination of the last Jap from Attu and Kiska. We have been told that Japs never surrender; their headlong retreat satisfies us just as well.

Great councils are being held here on the free and honoured soil of Canada—councils which look to the future conduct of this war and to the years of building a new progress for mankind. To these councils Canadians and Americans alike again welcome that wise and good and gallant gentleman, the Prime Minister of Great Britain.

Mr. King, my old friend, may I through you thank the people of Canada for their hospitality to all of us. Your course and mine have run so closely and affectionately during these many long years that this meeting adds another link to that chain. I have always felt at home in Canada, and you, I think, have always felt at home in the United States.

During the past few days in Quebec, the combined staffs have been sitting around a table—which is a good custom—talking things over, discussing ways and means, in the manner of friends, in the manner of partners, and may I even say, in the manner of members of the same family.

We have talked constructively of our common purposes in this war—of our determination to achieve victory in the shortest possible time—of our essential cooperation with our great and brave fighting allies. And we have arrived, harmoniously, at certain definite conclusions. Of course, I am not at liberty to disclose just what these conclusions are. But, in due time, we shall communicate the secret information of the Quebec conference to Germany, Italy and Japan. We shall communicate this information to our enemies in the only language their twisted minds seem capable of understanding.

Sometimes I wish that that great master of intuition, the nazi leader, could have been present in spirit at the Quebec conference—I am thoroughly glad he was not there in person. If he and his generals had known our plans they would have realized that discretion is still the better part of valour and that surrender would pay them better now than later.

The evil characteristic that makes a nazi a nazi is his utter inability to understand and therefore to respect the qualities or the rights of his fellow-men. His only method of dealing with his neighbour is first to delude him with lies, then to attack him treacherously, then beat him down and step on him, and then either kill him or enslave him. And the same thing is true of the fanatical militarists of Japan.

Because their own instincts and impulses are essentially inhuman, our enemies simply cannot comprehend how it is that decent, sensible individual human beings manage to get along together and live together as neighbours. That is why our enemies are doing their desperate best to misrepresent the purposes and the results of this Quebec conference. They still seek to divide and conquer allies who refuse to be divided just as cheerfully as they refuse to be conquered.

We spend our energies and our resources and the very lives of our sons and daughters because a band of gangsters in the community of nations declines to recognize the fundamentals of decent, human conduct.

We have been forced to call out what we in the United States would call the sheriff's posse to break up the gang in order that gangsterism may be eliminated in the community of nations.

We are making sure—absolutely, irrevocably sure—that this time the lesson is driven home to them once and for all. Yes, we are going to be rid of outlaws this time.

Every one of the united nations believes that only a real and lasting peace can justify the sacrifices we are making, and our unanimity gives us confidence in seeking that goal.

It is no secret that at Quebec there was much talk of the post-war world. That discussion was doubtless duplicated simultaneously in dozens of nations and hundreds of cities and among millions of people.

There is a longing in the air. It is not a longing to go back to what they call "the good old days." I have distinct reservations as to how good "the good old days" were. I would rather believe that we can achieve new and better days.

Absolute victory in this war will give greater opportunities for the world because the winning of the war in itself is proving, certainly proving to all of us here, that concerted action can accomplish things. Surely we can make strides toward a greater freedom from want than the world has yet enjoyed. Surely by unanimous action in driving out the outlaws and keeping them under heel for ever, we can attain a freedom from fear of violence.

I am everlastingly angry only at those who assert vociferously that the Four Freedoms and the Atlantic charter are nonsense because they are unattainable. If they had

lived a century and a half ago they would have sneered and said that the Declaration of Independence was utter piffle. If they had lived nearly a thousand years ago they would have laughed uproariously at the ideals of Magna Charta. And if they had lived several thousand years ago they would have derided Moses when he came from the mountain with the Ten Commandments.

We concede that these great teachings are not perfectly lived up to to-day, and we concede that the good old world cannot arrive at utopia overnight. But I would rather be a builder than a wrecker, hoping always that the structure of life is growing—not dying.

May the destroyers who still persist in our midst decrease. They, like some of our enemies, have a long road to travel before they accept the ethics of humanity.

Some day, in the distant future perhaps—but some day with certainty—all of them will remember with the Master—"Thou shalt love thy neighbour as thyself."

(Translation) Mr. Prime Minister, my visit to the old city of Quebec has recalled vividly to my mind that Canada is a nation founded on a union of two great races. The harmony of their equal partnership is an example to all mankind—an example everywhere in the world.

Hon. THOMAS VIEN (Speaker of the Senate): (Translation) Mr. President, I have the signal honour and pleasure of tendering you in my mother tongue, one of the two official languages of this country, the warmest thanks of the Senate, of the House of Commons and of the people of Canada for having graciously consented to visit our capital at the conclusion of the henceforth memorable Quebec conference.

The sojourn among us of a President of the United States would suffice at any time to fill us with pride and enthusiasm. Yet we salute in you, Mr. President, more than the highest official of our sister nation and very good neighbour. We hail and acclaim in you a worthy successor of Washington, Jefferson, Lincoln and Wilson, to mention but a few of the great men who symbolize the glory of your country.

Faithful exponent of the spirit that moved the founders of the Republic, you see in the Declaration of Independence a guarantee of freedom not only for your people, but for all the peoples of the earth. Liberal, in the widest sense of the term, you are the friend of man, in whom you behold the image and likeness of our Divine Maker. Having exhausted the resources of a wise and patient diplomacy, you unhesitatingly took up arms to free him from the yoke of oppressors who brutally denied him the exercise of his inalienable rights to life, liberty and the pursuit of happiness. Were you not expressing your own philosophy of life when you so highly praised on a former occasion these words of Thomas Jefferson: "I have sworn upon the altar of God eternal hostility against every form of tyranny over the mind of man"?

The British Empire, Canada and the civilized world owe you an immense debt of gratitude, Mr. President, for having come to their assistance on the morrow of Dunkirk, at an hour when the black clouds of defeat gathered threateningly on the horizon. Even before your entry into the conflict, you found the means of supplying Britain with ships, arms, munitions and the incalculable advantages of "lend-lease."

We Canadians are proud of the fact that we descend from the two greatest races in the world. Our hearts and yours, I am sure, shared the overwhelming grief of France, following the defeat of that unhappy country. We shall never forget that, for the second time in the life of this generation, your country has generously gone to the assistance of a France in mortal danger repeating Pershing's undying words: "La Fayette, we are here!"

When, with the proper perspective that only time can bring, the history of this era shall be written, you will stand in the forefront of that brilliant group of leaders—with Churchill, Mackenzie King, Stalin and Chiang Kai-shek—who have so nobly served humanity.

May I be allowed, Mr. President, to express the deep satisfaction I feel in reiterating to you the heart-felt thanks of the Canadian Parliament and people for having honoured us with your presence here to-day and having cheered us with your very comforting remarks. We pray God that He may grant you His favours in abundance, that He may bless you and the great Republic whose destinies you guide, until such time as we may all glorify Him together in final victory on the threshold of a lasting peace.

Hon. JAMES ALLISON GLEN (Speaker of the House of Commons): Mr. President, to-day Canada has been afforded the unique privilege of welcoming to our own capital the first President of the United States of America while still in office. This gathering is the culmination of a long-standing invitation given by the Right Hon. Mackenzie King to one who has been an intimate friend for more years than

either of them would care to say. It is well, sir, that you should tax the hospitality of your friends occasionally, and I can state confidently that everyone, young and old, in this vast assembly before you, together with that great unseen listening audience throughout the whole of Canada, look upon you with that possessive regard which is bestowed when a much-loved guest honours our home. I hope I shall not be misunderstood when I say that many Canadians affectionately call you "our President."

Canada will never forget the dark and dismal years of 1940 and 1941, nor will it ever forget that unparalleled act when you, as President of your great country, gave that generous and sorely needed lend-lease help which aided Great Britain to withstand and repel a conquering and then a seemingly invincible foe. National as well as human memories, with passing years and other conditions, sometimes fade and become remote, but it would be an indelible blot on our escutcheon if at any future time Canada or the democracies forgot the noble help your country afforded us.

It is therefore with real pleasure we behold in our capital your unmistakable figure and listen to that bold and confident voice so familiar to our ears. And what makes this day so memorable to us is the knowledge that it is to Canada particularly you speak. We have shared with the world in those intimate so-called fireside chats which you have addressed to your own people but which really encompassed the world and belong to the ages. Those fireside chats, clothed in language simple, expressive and enduring, the product of a gifted mind and balanced judgment, made their striking appeal because they are based on the eternal verities without which, as we believe, nothing is. To-day, sir, your speech is an outstanding example of those utterances which have endeared you to our people and caused dismaying fear to our foes.

The road still may be long and dreary and the end not yet in sight, but the issue is no longer in doubt and upon you, sir, the tremendous responsibilities of victory will be part of your destiny. You will require the assistance of all who, like you, believe that good is the final goal of ill. We are confident that in Canada you will find that cooperation in peace which we have shared in war. All we desire is the right to exercise the four freedoms upon which an enduring democracy must be based. If I may say so, your own phrase—now a household word—"the good neighbour," definitely embodies these principles. We invoke the blessing of Almighty God upon you. May He strengthen and sustain you until victory is achieved and peace and happiness restored to this war-torn world.

Mr. President, in the name of and for Canada I thank you most cordially and sincerely for your presence with us to-day, and for your noble address.

END OF VOLUME V.